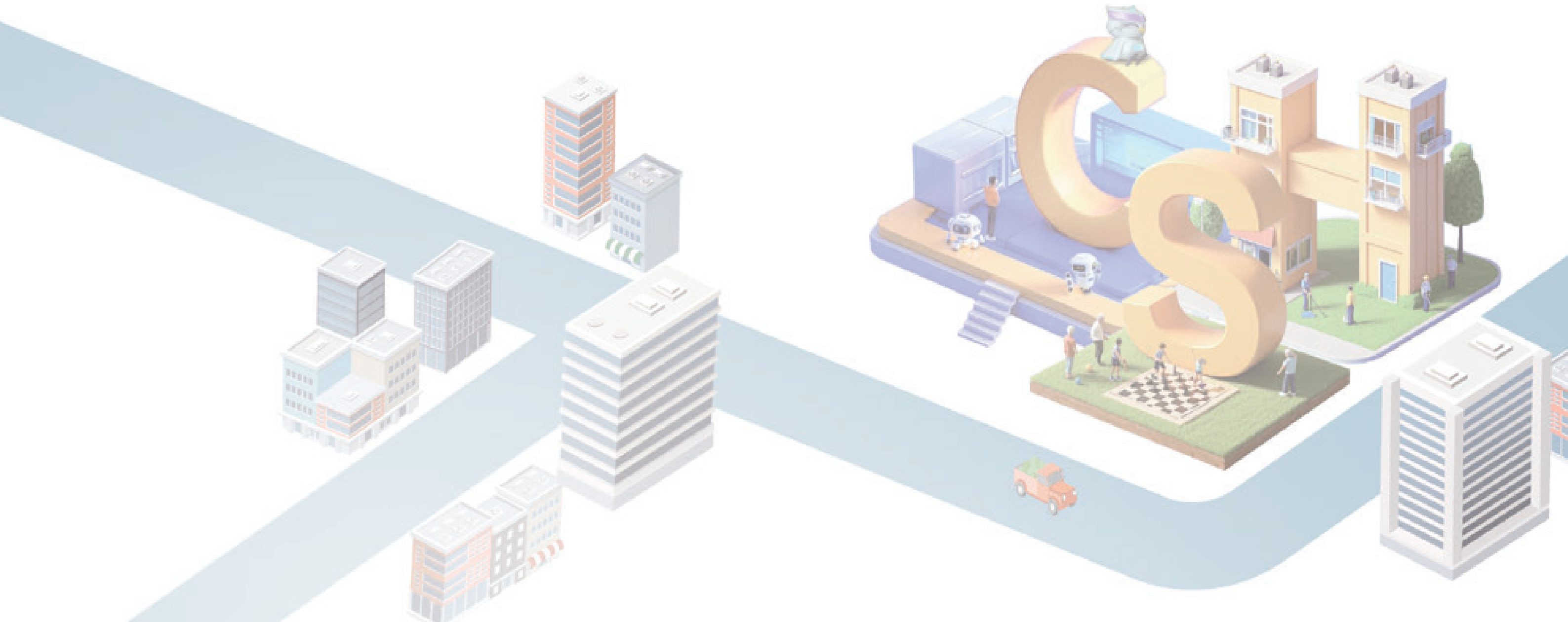
Colour Life Services Group Co., Limited

Stock code: 1778

Unwavering Struggle

Annual Report 2024



CONTENTS

Corporate Information	2
Financial Highlights	3
Honors and Awards	4
Chairman's Statement	12
Management Discussion and Analysis	19
Biographies of Directors and Senior Management	32
Report of Directors	37
Corporate Governance Reports	60
Independent Auditor's Report	70
Consolidated Statement of Profit or Loss and Other Comprehensive Income	77
Consolidated Statement of Financial Position	78
Consolidated Statement of Changes in Equity	80
Consolidated Statement of Cash Flows	82
Notes to the Financial Statements	84

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Liu Hongcai *(Executive President)*
Ms. Yang Lan *(Chief Financial Officer)*

Non-executive Directors

Mr. Zhu Jindong *(Chairman)*
Mr. Timothy David Gildner
Mr. Chen Wenjian

Independent Non-executive Directors

Mr. Lee Yan Fai
Mr. Zhang Raymond Yue
Ms. Yu Shan *(appointed with effect from 15 March 2024)*

AUDIT COMMITTEE

Mr. Lee Yan Fai *(Chairman)*
Mr. Zhang Raymond Yue
Ms. Yu Shan *(appointed with effect from 15 March 2024)*

REMUNERATION COMMITTEE

Mr. Zhang Raymond Yue *(Chairman)*
Mr. Lee Yan Fai
Ms. Yu Shan *(appointed with effect from 15 March 2024)*

NOMINATION COMMITTEE

Mr. Zhu Jindong *(Chairman)*
Mr. Zhang Raymond Yue
Ms. Yu Shan *(appointed with effect from 15 March 2024)*

COMPANY SECRETARY

Ms. Luo Shuyu

AUTHORISED REPRESENTATIVES

Ms. Yang Lan
Ms. Luo Shuyu

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS AND ADDRESS OF HEADQUARTERS IN THE PRC

10/F, Tower, B
The Platinum Tower
No. 1 Tairan 7th Road
Futian District
Shenzhen, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

21/F., CMA Building
64 Connaught Road Central
Central, Hong Kong

LISTING INFORMATION

Share Listing
The Stock Exchange of Hong Kong Limited
Stock Code: 1778

COMPANY'S WEBSITE

www.colourlife.hk

AUDITOR

Prism Hong Kong Limited
(formerly known as Prism Hong Kong and Shanghai Limited)
Registered Public Interest Entity Auditors

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR

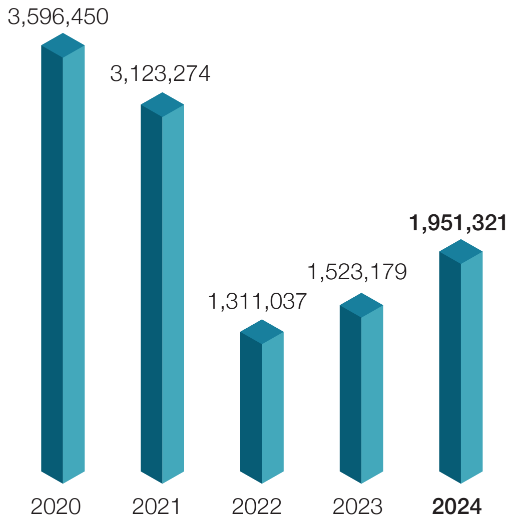
Computershare Hong Kong Investor Services Limited
17M Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

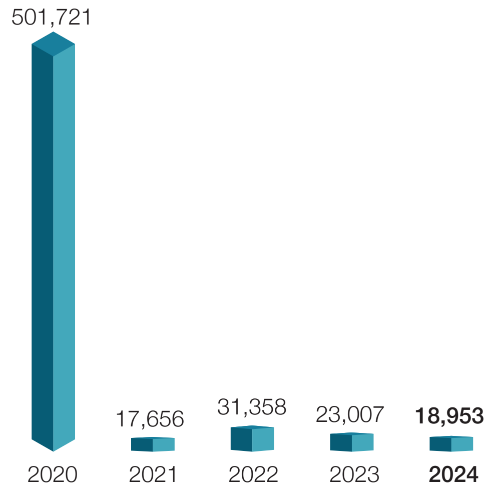
(In alphabetical order)
Bank of China Limited
Industrial and Commercial Bank of China Limited

FINANCIAL HIGHLIGHTS

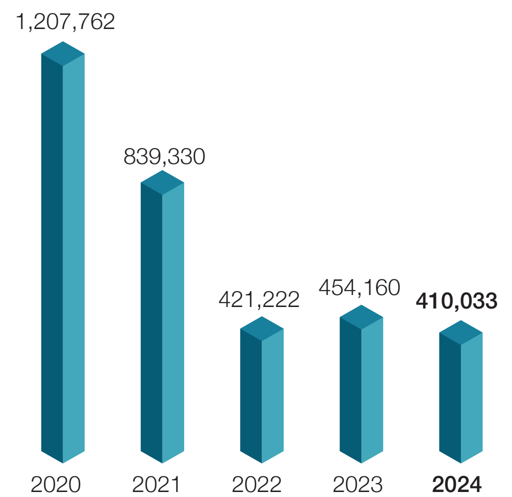
Revenue
(RMB' 000)



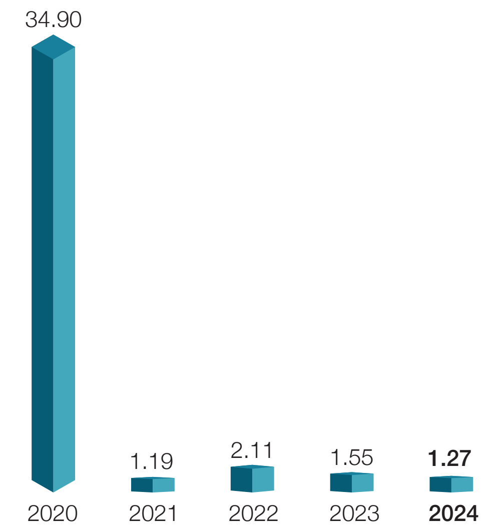
Profit attributable to owners of the Company
(RMB' 000)



Gross profit
(RMB' 000)



Basic earnings per share
(RMB' cent)



	2020 (RMB'000)	2021 (RMB'000)	2022 (RMB'000)	2023 (RMB'000)	**2024 (RMB'000)**
Revenue	3,596,450	3,123,274	1,311,037	1,523,179	**1,951,321**
Gross profit	1,207,762	839,330	421,222	454,160	**410,033**
Profit attributable to owners of the Company	501,721	17,656	31,358	23,007	**18,953**
Basic earnings per share *(RMB cents)*	34.90	1.19	2.11	1.55	**1.27**
Total assets	10,296,437	5,744,889	5,825,269	5,849,370	**5,916,794**
Total liabilities	5,742,015	1,335,290	1,384,387	1,386,047	**1,435,483**
Bank balances and cash	2,458,579	600,079	757,116	947,904	**994,119**

HONORS AND AWARDS

1. On 11 April 2024, Colour Life Services Group was awarded the "2024 Property Service Enterprise Excellence Performance Award" at the 2024 Guandian Property Conference organized by the Guandian Index Academy;

2. On 11 April 2024, Colour Life Services Group was awarded the "2024 Property Service Enterprise Excellence Performance in Innovative Capability Award" at the 2024 Guandian Property Conference organized by the Guandian Index Academy;

3. On 11 April 2024, Colour Life Services Group was awarded the "2024 Property Enterprise Service Excellence Award" at the 2024 Guandian Property Conference organized by the Guandian Index Academy;

4. On 18 April 2024, Colour Life Services Group was awarded the honour of "2024 China Top 100 Property Service Enterprises" at the 2024 China Top 100 Property Service Enterprises Research Results Release Conference and the 17th China Top 100 Property Service Entrepreneurs Forum;

5. On 18 April 2024, Colour Life Services Group was once again awarded the honour of "2024 China Leading Property Management Companies in terms of Technology Application" at the 2024 China Top 100 Property Service Enterprises Research Results Release Conference and the 17th China Top 100 Property Service Entrepreneurs Forum;

HONORS AND AWARDS

6. On 18 April 2024, Colour Life Services Group was once again awarded the honour of “2024 China Major Cities Property Service TOP10 Outstanding Enterprises in Shenzhen” at the 2024 China Top 100 Property Service Enterprises Research Results Release Conference and the 17th China Top 100 Property Service Entrepreneurs Forum;

7. On 16 May 2024, the Research Results Release Conference of 2024 China Real Estate Developers and the 22th China Real Estate Brand Development Summit, hosted by China Enterprise Evaluation Association, Institute of Real Estate Studies of Tsinghua University, and Information Technology Research Institute of Beijing China Index Academy and sponsored by China Real Estate TOP10 Research Group under Information Technology Research Institute of Beijing China Index Academy, was grandly convened; Shenzhen Colour Life Services Group Co., Limited won the honour of “2024 Community Value-added Service Capabilities Top 10 Listed Property Service Companies in China” by virtue of its high-quality development of community value-added service capability;

8. On 14 August 2024, the “2024 Boao Real Estate Forum” organized by the Guandian Real Estate Institute kicked off in Hainan, where Colour Life Services Group (referred to as “Colour Life”) won the “2024 Influential Property Service Enterprise” award;

9. On 14 August 2024, at the “2024 Boao Real Estate Forum” organized by Guandian Real Estate Institute in Hainan, Colour Life Services Group (referred to as “Colour Life”) won the “2024 Property Service Quality Influential Enterprise” award;

10. On 9 September 2024, at the “2024 China Better Life Brand Initiative” cloud unveiling ceremony organized by Leju Finance Research Institute, Colour Life Services Group (referred to as “Colour Life”) won the “2024 Property Management Service Enterprise” award;

HONORS AND AWARDS

11. On 9 September 2024, at the "2024 China Better Life Brand Initiative" cloud unveiling ceremony organized by Leju Finance Research Institute, Colour Life Services Group (referred to as "Colour Life") won the "2024 Property Innovation Enterprise" award;

12. On 13 September 2024, at the "2024 China Real Estate Brand Value Research Results Conference" hosted by China Enterprise Evaluation Association, Tsinghua University Real Estate Research Institute, and Beijing Zhongzhi Information Technology Research Institute, and organized by China Real Estate TOP10 Research Group of Beijing Zhongzhi Information Technology Research Institute, Colour Life was recognized for its excellent service quality, strong market operation capability, and steady growth rate, with a quality value of RMB10.9 billion;

13. On 13 September 2024, at the "2024 China Real Estate Brand Value Research Results Conference" hosted by China Enterprise Evaluation Association, Tsinghua University Real Estate Research Institute, and Beijing Zhongzhi Information Technology Research Institute, and organized by China Real Estate TOP10 Research Group of Beijing Zhongzhi Information Technology Research Institute, Colour Life won the "2024 China Property Service Market-oriented Operation Leading Brand Enterprise" award;

14. On 12 October 2024, Colour Life's Shenzhen project Lianxin Garden received the "Fourth China Happy Community Example Prize" issued by the China Happy Community Model Award Organizing Committee and the Housing and Real Estate Magazine;

15. On 12 December 2024, the "2024 (8th) China Real Estate Manager Selection Honor Release Conference" organized by Leju Finance was held. The "2024 China Top 10 Property Annual CEO" list was announced. Liu Hongcai, Executive Director and CEO of Colour Life, won the "2024 China Top 10 Property Annual CEO" award, successfully retaining the title of CEO for the year 2024;

HONORS AND AWARDS

16. On 12 December 2024, at the "2024 (8th) Real Estate Manager Selection Honor Release Conference" organized by Leju Finance, Han Gui, Security Team Leader of Colour Life Services Group's Huizhou Business Division, was awarded the honorary title of "Property Hero" for 2024;

17. On 12 December 2024, at the "2024 (8th) China Real Estate Manager Selection Honor Release Conference" organized by Leju Finance, Liu Meige, Assistant President of Colour Life Services Group, was named among the "2024 China Property Manager Top 100";

18. On 12 December 2024, at the "2024 (8th) China Real Estate Manager Selection Honor Release Conference" organized by Leju Finance, Lin Xiaodong, General Manager of Colour Life Services Group's Huizhou Business Division, was named among the "2024 China Property Manager Top 100";

19. On 19 December 2024, at the "2024 China Real Estate Big Data Annual Conference" hosted by Beijing Zhongzhi Information Technology Research Institute and organized by China Real Estate Index System and China Property Service Index System, Colour Life won the "2024 Guangdong-Hong Kong-Macao Greater Bay Area Property Service Market Position Leading Enterprise" award;

20. On 19 December 2024, at the "2024 China Real Estate Big Data Annual Conference" sponsored by Beijing Zhongzhi Information Technology Research Institute and co-sponsored by China Real Estate Index System and China Property Service Index System, Colour Life won the "2024 Western Region Property Service Market Position Leading Enterprise";

HONORS AND AWARDS

21. On 19 December 2024, at the "2024 China Real Estate Big Data Annual Conference" sponsored by Beijing Zhongzhi Information Technology Research Institute and co-sponsored by China Real Estate Index System and China Property Service Index System, Colour Life won the "2024 Eastern China Region Property Service Market Position Leading Enterprise" award;

22. On 19 December 2024, at the "2024 China Real Estate Big Data Annual Conference" sponsored by Beijing Zhongzhi Information Technology Research Institute and co-sponsored by China Real Estate Index System and China Property Service Index System, Colour Life won the "2024 Jiangsu Property Service Market Position Leading Enterprise" award;

23. On 19 December 2024, at the "2024 China Real Estate Big Data Annual Conference" sponsored by Beijing Zhongzhi Information Technology Research Institute and co-sponsored by China Real Estate Index System and China Property Service Index System, Colour Life won the "2024 Chengdu Property Service Market Position Leading Enterprise" award;

24. On 19 December 2024, at the "2024 China Real Estate Big Data Annual Conference" sponsored by Beijing Zhongzhi Information Technology Research Institute and co-sponsored by China Real Estate Index System and China Property Service Index System, Colour Life won the "2024 Beijing Property Service Market Position Leading Enterprise" award;

HONORS AND AWARDS

25. On 19 December 2024, at the "2024 China Real Estate Big Data Annual Conference" sponsored by Beijing Zhongzhi Information Technology Research Institute and co-sponsored by China Real Estate Index System and China Property Service Index System, Colour Life won the "2024 Sichuan Property Service Satisfaction Leading Enterprise" award;

26. In October 2024, Colour Life received the "2024 Top 100 Brand Influenctial Property Management Companies in China" award issued by Beijing Zhihui;

27. In October 2024, Colour Life received the "2024 Shenzhen Top 10 Residential Property Brand Property Service Enterprise" award issued by Beijing Zhihui;

28. On 29 February 2024, Colour Life won the "Property Service Week Outstanding Enterprise" title awarded by the Guangdong Property Management Industry Association;

29. In March 2024, Colour Life won the "Top Ten Correspondents" title awarded by the Shenzhen Property Management Industry Association;

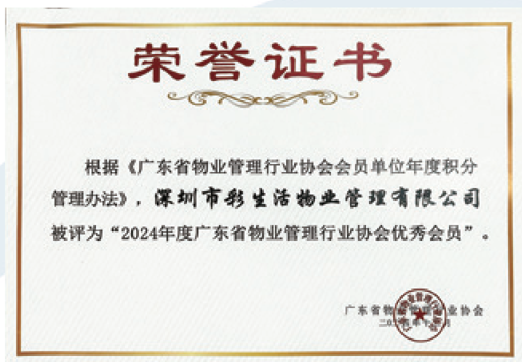
HONORS AND AWARDS

30. In September 2024, Colour Life received the "Shenzhen Guangdong & Hechi City Agriculture and Rural Affairs Bureau United Heart Partnership Award" from the Hechi City Agriculture and Rural Affairs Bureau;

31. In December 2024, CEO Liu Hongcai won the "2024 Guangdong Property Industry Influential Figure" title awarded by the Guangdong Property Management Industry Association;

32. In December 2024, Colour Life won the "Guangdong Property Management Industry Association 2024 Contribution Award" (Colour Property) from the Guangdong Property Management Industry Association;

33. In December 2024, Colour Life won the "Guangdong Property Management Industry Association 2024 Contribution Award" (Colour Group) from the Guangdong Property Management Industry Association;



34. In December 2024, Colour Life won the "2024 Guangdong Property Management Industry Association Outstanding Member" award;

HONORS AND AWARDS

35. In December 2024, Colour Life won the "2024 New Media Operation Excellence Property Enterprise" award from the Guangdong Property Management Industry Association;

36. In December 2024, Colour Life won the "2024 Supporting Social Employment Excellence Property Enterprise" award from the Guangdong Property Management Industry Association;

37. In December 2024, Colour Life won the "2024 Greater Bay Area Property Service Brand Enterprise" award from the Guangdong Property Management Industry Association;

38. In December 2024, Colour Life won the "2024 Guangdong Property Industry Comprehensive Strength Enterprise" award from the Guangdong Property Management Industry Association.

CHAIRMAN'S STATEMENT

Dear Shareholders,

In recent years, with the changes in the global economic environment, the property management industry has experienced profound changes and transformation, and 2024 has been a landmark year, with the pursuit of value for money and sustainable development becoming the new direction. This is not only a deep test of the resilience and adaptability of property management companies, but also has made us more firmly recognise that the improvement of service quality and customer satisfaction, continuous innovation and long-term planning are the lifelines of corporate development.

At the 14th National People's Congress Second Session in 2024, proposals were made for high-quality services and high-quality development; greatly improving related infrastructure and public services to enhance people's quality of life; promoting expansion and quality improvement in elderly care, childcare, and housekeeping services, supporting social forces to provide community services; deeply advancing digital economy innovation and development, developing the digital economy, and actively promoting digital transformation; strengthening ecological civilization construction and promoting green low-carbon development. These have pointed out new development directions for property management companies.

In the vast tide of the times, Colour Life uses rationality as its helmsman and steadiness as its sail, steadily navigating the direction forward, accurately grasping the pulse of the times, and deeply cultivating every detail of the industry. We know well that strengthening internal capabilities is the shield against storms, while adapting to the trends of the times is the driving force for sailing far. Therefore, Colour Life focuses on four core strategies: continuous commitment to service quality, emphasis on diversified development of life, goal specification to improve efficiency, and technological innovation to lead the future. These four strategies run in parallel, together forming Colour Life's solid foundation for breaking through the waves in the new era, steadily writing our glorious chapter.

Every steady step forward concentrates our relentless pursuit of excellent quality; every moment of persistence and innovation demonstrates the corporate spirit of Colour Life people – steady, reliable, and courageous. Colour Life Service Group is continuing with more determined steps to write its new chapter in the river of history, using practical actions to convey the profound meaning of "seeking opportunities in change and creating the future in challenges."

Up to 31 December 2024, the Group recorded revenue of RMB1,951.3 million from its principal business, net profit is approximately RMB36.1 million and a net profit attributable to shareholders of RMB19.0 million. Up to the end of December 2024, the total contracted GFA of Colour Life reached 307 million sq.m., serving over 7 million residents from 1,759 communities in 118 cities across the country.

HIGH QUALITY CONSTRUCTION OF THE FOUNDATION FOR DEVELOPMENT, NEW INTELLIGENT INNOVATION OF THE NEW CHAPTER OF PROPERTY MANAGEMENT INDUSTRY

The pursuit of service quality is the root of Colour Life's development. Colour Life Service Group, with its solid quality and comprehensive strength, has been awarded the title of 'Top 100 Property Service Enterprises' for 16 consecutive years, and the continuous commitment to service quality will be Colour Life's never-ending focus.

CHAIRMAN'S **STATEMENT**

This year, the "Action Plan for Further Improving the Quality of Products, Projects and Services (2022-2025)（《進一步提高產品、工程和服務品質行動方案（2022-2025年）》）", jointly issued by the State Administration of Market Supervision and 18 other departments, clearly states that the quality of property services should be enhanced and the property service standard system should be improved. The aim of this initiative is to promote the reproducibility and transmission of the property service process through standardised construction, thereby enhancing the overall quality of service. The 14th Five-Year Plan and the Outline of Vision 2035 propose to "promote the construction of smart communities, rely on community digitisation and offline community service agencies, build a smart service circle that is convenient and beneficial to the people, and provide a community life that integrates online and offline services, community governance and public services, smart communities and other services".

The property management industry is a labour-intensive industry, with labour costs accounting for a relatively large portion of its total operating costs. The continuous rise in labour costs is a common problem faced by all industries, and property management companies are facing even greater pressure. This development trend is in line with Colour Life's long-standing business philosophy of empowering its development through the integration of intelligent systems and devices such as digitalisation, technology and intelligence into its business.

The core competitiveness of the property management business is the enhancement of service efficiency. Especially nowadays, in the face of the difficulties in raising management fees and rising labour costs, creating a set of efficient solutions to enhance customer satisfaction will become the basis of a company's survival. Based on years of independent research and development and continuous exploration, Colour Life has built a strong "digital platform for property management" covering five basic services (security, cleaning, greening, maintenance and engineering), operating systems based on work orders (elevator, energy, renovation, etc.), and customer service platforms (complaint, repair, parking, payment, etc.). By further classifying the whole process of property management services, the platform is conducive in improving the work efficiency of the Group. In order to improve work efficiency and save labour costs, Colour Life has onboarded digital employees, achieving intelligent and automated workflow in seven business scenarios, improving work efficiency by 75%, reducing costs by 50%, and releasing 45% of the workforce. In order to manage talents more scientifically, Colour Life developed and put into use the Eagle Eye platform, an intelligent attendance and employment system. It is based on cloud computing, big data, LBS positioning, AI analysis and other technologies on the basis of employee attendance and check-in and project electronic fence data, and combining the integrated platform for employee on-the-job management established by multi-dimensional operation analysis of software and hardware data such as work orders, project sky eyes, access control, parking lots, etc. Through the Eagle Eye platform, we can accurately and clearly monitor whether employees are actually and effectively working on the job during working hours. This year, Colour Life continues to walk with the times, using technology as a wing to scale new heights in the field of intelligent services. We took the lead in introducing AI big model, deeply integrating with business management, and upgrading service performance comprehensively from image recognition to security inspection, complaint report and lift maintenance. Colour Life's AI image recognition technology has successfully processed more than 5.5 million images, covering multiple aspects of property management. The introduction of AI technology has not only improved the level of property management but also enhanced property owners' living experience and satisfaction. In the future, Colour Life will continue to deepen AI recognition technology, explore more application scenarios, and provide property owners with more intelligent, efficient, and humanized property services, jointly creating a new chapter of smart property management, making intelligent services accessible and leading a new style of community life in the future.

CHAIRMAN'S STATEMENT

This year, Colour Life launched the "Daily 315" quality supervision work, and regarded customer satisfaction as the lifeline of enterprise development, profoundly interpreting "customer-centred" is not just a slogan, but a service philosophy integrated into the enterprise's bloodline. Through the construction of an all-round, multi-level service system and supervision mechanism, not only does it ensure a steady improvement in the quality of service, but also in each service, it expressed the relationship with the owners as a whole and build a better home with owners, conveying the warmth of home and peace of mind, so that the owners feel "community service to home" deeply. Data shown that with the implementation of the "Daily 315" quality supervision work, customer service volume has surged, customer satisfaction has increased significantly. Over 120,000 property owner requests were handled throughout the year, with this work receiving 2,062 commendations from property owners and achieving a satisfaction rate of 85%. This innovative initiative not only strengthens the owners' sense of participation and sense of belonging, but also promotes the communication and understanding between the property and the owners, forming a benign cycle in which both sides jointly promote the improvement of the project quality, and further improving the service quality of Colour Life.

In 2024, Colour Life spent a total of RMB47,804,700, covering dozens of cities including Beijing, Shanghai, Shenzhen, Guangzhou, Wuhan, etc., to upgrade the quality of 618 projects involving 164 items related to facilities and equipment, safety, environment, car parks, engineering, and quality, sparing no effort to maintain the essence of property management.

DEEP PLOUGHING INTO DIVERSIFIED FIELDS AND FULL ACTIVATION OF COMMUNITY POTENTIALS

In recent years, with the surge of the Internet and the prosperous rise of community value-added services, Colour Life has taken advantage of the trend to profoundly understand the diversified needs of property owners in daily life, such as clothing, food, housing and transportation, and has carefully created a series of value-added businesses. By accurately delivering rich resources and abundant benefits to every owner, Colour Life has reshaped the ecology of community services so that every owner can feel the warmth and strength from the community.

With unique market insights and profound user care, Fantasia Insurance, the internet insurance service platform of Colour Life, has carefully woven a multi-dimensional protection net covering family safety. It has sensitively captured frequently occurred scenarios which are seemingly ordinary but possesses hidden risks in the daily life of community owners – from "home insurance" to protect family property, to "gas insurance" for gas safety, and to "electric bicycle insurance" for the new favourite of modern mobility, the emergence of each product is a brave expansion of the safety boundary and a deep commitment to a happy life. Fantasia Insurance has transformed cold insurance terms into warm-hearted service commitments, building a more harmonious and safer living environment.

The Group had explored an array of innovative business models based on community scenarios to find a development path suitable for Colour Life. The Group has created a community online shopping platform, Colour Life Select (彩優選), which covers a full range of selected commodities such as basic foodstuff, daily necessities, agricultural by-products and fresh food. The platform helps deliver quality products directly to property owners from farmlands and production workshops at preferential prices. In addition to providing a full range of products to meet people's daily needs, the platform has also set up an agriculture supporting zone to bridge the gap between rural and urban areas. It contributes to promoting rural revival while delivering fresh, quality and affordable agricultural products and by-products to the dining table of every Colour Life property owner. Moreover, Colour Life Select also recruited property owners to become community leaders in the community, offering them zero-cost opportunities to start a small business. The platform is responsible for goods preparation, logistics, distribution and aftersales services. Colour Life Select also launched a hot product campaign in the year, in which people in charge from different cities served as local specialty product recommendation officers, used city business cards to increase product visibility and increase revenue generation. We believe that enterprises which aim at continuously developing and remaining vital must keep moving, stay sensitive and innovative, and explore more possibilities for the future.

CHAIRMAN'S STATEMENT

The 2024 government work report proposed to promote the expansion and enhancement of the quality of services such as elderly care, child-care and housekeeping services, and to support social forces in providing community services. In response to the national strategy of actively coping with the aging population and implementing the healthy elderly care strategy, Colour Life has always insisted on building flexible guarantees for people's livelihood and well-being. We formed a strategic cooperation with China Everbright Senior Healthcare Company Limited. The two parties planned to jointly create multi-field application scenarios such as community home-based elderly care services, smart elderly care services, and aging-friendly transformation services. In the future, the two parties will jointly build a medical and health care service centre to provide customers with health-related services such as rehabilitation, physiotherapy, and physical examinations to integrate into people's livelihood and enhance value. In the future, Colour Life will continue to explore and integrate high-quality resources, actively participate in the layout of health and elderly care services, and promote the continuous improvement of the Company's elderly care service system to benefit the people.

With the improvement of people's quality of life, property owners are increasingly pursuing the convenience of life, efficiency of service and personalization. In order to accurately respond to this changing trend, Colour Life has innovatively expanded its all-around, multi-level home care services, which cover a wide range of areas from daily housekeeping care to professional home cleaning and maintenance, from emergency repair and installation to comprehensive home safety and health protection, and even to convenient logistics and express delivery and enriching the home entertainment experience. Relying on its strong comprehensive resource integration capability, Colour Life continues to broaden its service boundaries to ensure that each service precisely meets the actual needs of property owners. Colour Life has become an indispensable and caring partner in the lives of property owners, helping them enjoy a more comfortable, convenient, safe and fun-filled home, and promoting a comprehensive upgrade in their quality of life.

In the wave of call for green transformation, Colour Life is leading the property industry towards a new era of carbon neutrality. As a dream-builder of low-carbon communities, Colour Life has not only understood the needs of the times, but has also taken the initiative to take the lead in the deployment of distributed community energy storage, integrating green technology into daily life, and lighting up a new chapter in the construction of ESG for properties. Facing the dual challenges of climate crisis and economic restructuring, Colour Life has interpreted its corporate responsibility with practical actions, making every community a vanguard of energy saving and emission reduction. In the era of inventory, Colour Life takes green operation, green procurement and green office as the engine to drive a new style of low-carbon life, contributing to the "dual-carbon" goal and drawing a blueprint for sustainable development of the earth.

CHAIRMAN'S STATEMENT

CREATING A FREE, WARM, COLOURFUL AND PROSPEROUS COMMUNITY

Having been deeply involved in the industry for 22 years, we have become increasingly aware of the fact that community-based services are the core of a company's survival. In terms of basic business, we are gradually realising the change from managing things to serving people, providing basic protection and foundation for owners with comprehensive supporting facilities and other hardware, and at the same time enhancing our service awareness to continue to take "warm community as the core", integrating warmth and emotion into our services based on the perspective of property owners.

In May, the Group launched the third exclusive IP event for Colour Life property owners – Colour Festival. Focusing on the three series of events themed "Authenticity, Benefits and Colour", we invited property owners to visit property management work settings and received their feedback and suggestions on site, reviewed the front-line staff, and selected 27 outstanding property managers with 750,000 votes; we also held a benefit event for property owners by gifting them rice and tissue; and hosted the "Colourful Fellow Residents Festival" which featured a series of community based interactive activities for people of all ages, including the elderly, youth and children. Over 680 sessions of events were held, covering over 1.10 million property owners.

In June, during the college entrance examination period, the Group carried out college entrance examination assistance activities, delivering energy packs to college entrance examination students, organised examination escort buses, designed posters and banners for cheering, and posted mute proposals. The community square dance team initiated "mute dances" to protect all candidates, which became one of the favourite community activities of property owners every year.

Colour Life has always been practicing charity and walking with love. This year's charitable activities are themed on "Warming the Elderly in Difficulties in the Community", lighting up the lighthouse of love and illuminating the afterglow of the sunset, raising a total of RMB153,000 in charitable donations. From the 30 projects screened out 30 of the neediest elderly, 30 warm care have been delivered precisely, from financial assistance to daily life care, from health management to psychological counselling, meticulous care for the elderly in distress. We firmly believe that love makes loneliness no longer prolonged. Colour Life interprets responsibility and commitment with actions, so that every care becomes a solid support for the elderly in their twilight years. This is not only a public welfare action, but also a warm transmission of social civilisation, inspiring more people to be kind, building a harmonious community and making the community warmer.

At the same time, in the Colour Life pilot project, we joined hands with property owners to launch public welfare activities, and built shelters for stray cats with love, giving them a warm refuge, which has already given over 5,000 stray cats a new lease of life. This is not only a gentle treatment of life, but also a beautiful testimony to the harmonious coexistence of the community. The activity has won widespread praise from owners and all walks of life, not only improving the environment of the community, but also awakening the resonance of the community for stray animals. Colour Life Community, interpreting great love with actions, letting love become a link between people's hearts, and jointly drawing a warm and harmonious community picture.

On the occasion of the Group's 22nd anniversary this year, Colour Life has joined hands with property owners to create a song called "Happy Clock 22" to convey their feelings. The song is not only about the warmth of daily life between property and property owners, but also about the love-hate relationship in the community. In the laughter, we witnessed the colourfulness of the Colour Community, and every moment was a happy check-in. We have been together through thick and thin for 22 years. In the future, let us continue to join hands and let happiness fill every day of Colour Life!

In November and December, Colour Life carried out the annual winter warmth activities, creating rich and colorful warm community activities for property owners including sending help, charity medical consultations, support activities, etc. At the same time, the community and property owners jointly launched a winter warm scarf knitting and donation activity themed "Weaving Warmth, Helping People Enjoy Happiness", collecting hundreds of caring scarves to donate to the elderly in need in the community.

At the same time, Colour Life carried out a brand refresh. Insisting on the brand concept of equal, practical, free and prosperous and adhering to the spirit of "Service to Your Family", we are committed to becoming an equal, practical, free and prosperous leader in life services, and creating peaceful and prosperous life experience for hundreds of millions of families.

CONCENTRATING ON REGIONAL MARKETS AND BUILDING A STRONG TALENT FORCE TO CHART A NEW PATH

The industry has been experiencing a severe downturn this year, which has brought great challenges to property companies, yet also brought forth opportunities. Professional competence and flexible market adaptability have a significant impact on whether a property management company can sustain stable development amidst the current turbulent environment. Development mindset determines the growth potential of a company. To ensure stable market development, Colour Life made drastic adjustments to its market strategy, consolidated resources and talents in strategic deployment, and cancelled regional administration. We focused on specific regions, and adopted a highly efficient two-and-a-half-tier management structure, i.e., led by the group headquarters, supported by the business department, and executed on the front line of the project. We also focused on first-tier cities, where persons in charge personally took the lead in market operations. With each business division as a base and radiating out to cover the entire country, we aimed at achieving comprehensive and sustainable development. In addition, the general position reserve is flexible and efficient, and the business department directly selects the best among the existing staff in each project without increasing the burden of establishment, so as to achieve the maximum use of talent resources and reserve.

As the old saying goes, an army marches on its stomach. In order to equip market personnel on the frontline, the Group has made preparation actively by attaining 67 system certifications, credit rating certificates and business qualifications, of which all the credit ratings are 3A certificates, and by applying for 62 intellectual property patent certificates and copyrights, including intelligent property management systems, intelligent fee-collecting software, facial recognition, devices to prevent high-rise littering and other intelligent patents, so as to safeguard Colour Life's sustained and long-term expansion.

At the same time, the Group's headquarters has become a strong backing for delivering bullets to the front line, and strived to cultivate people who can lead in the front-line market. The core cadres have played a role at the grassroots level, giving full play to the role of leader and improving execution and management capabilities. The auditing and supervision functions have been fully involved in quality improvement, combating corruption, and ensuring input and output. The Legal function has been involved in business throughout the entire process to provide comprehensive legal support. Digital intelligence has empowered the integration of industry and finance with 100% coverage of automated operations and comprehensive data interoperability to empower business expansion.

CHAIRMAN'S STATEMENT

PROSPECTS

We have been working hard to overcome the wind and rain, and we look forward to a new journey and setting sail again. In this year of both danger and opportunity, Colour Life has moved forward with resilience, fearless of difficulties, safely reaching every set goal. We set sail with a brand-new attitude. Looking back, our initial heart is as solid as a rock, cultivating the foundation of service, building the top of quality, and marching forward dreaming with a fearless attitude, forging ahead through wind and rain.

Looking into the future, Colour Life will steer a steady strategic course, strengthen the development of toughness, be bold and enterprising. We know well that quality is the lifeline of enterprise development, so we will continue to pursue a quality-led growth model, keenly capture the pulse of the market, and bravely stand on the tide. At the same time, we must always maintain crisis awareness, treat every day as if it were the last, and approach every challenge with caution as if treading on thin ice.

At a time when the macro-environment is changing, Colour Life will re-examine the core values of property management, focus on quality improvement, fee collection optimisation and value-added service expansion, and put them into practice to drive development with innovation and create brilliance with practicality. We firmly believe that only with unremitting efforts and perseverance will we be able to get through the mists of the cycle and embrace the dawn of the future. Colour Life will committed to becoming an equal, practical, free and prosperous life service leader, creating comfortable, warm, colourful and rich life service experience for hundreds of millions of families, continuing to provide value to owners, partners, employees, investors and shareholders. We deeply understand that only by staying vigilant in times of peace and forging ahead can we navigate steadily and far in the tide of the times. Colour Life will continue to be customer-centered, innovation-driven, and responsibility-bearing, continuously benefiting society and people’s livelihood, contributing more to the sustainable development of the industry.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS MODEL

The Group is a leading property management and community services operator in China, with a focus on setting up offline and online service platform via the internet technology and effectively connecting the residents of the communities with different commodities and service providers, so as to provide the best living experience for residents of the communities on the back of property management services.

As communities constitute the most fundamental social units within a city, the services provided by the property management are essential in creating a stable and convenient living environment for the residents of the communities and promoting the development of the society. The Group strives to meet the basic living needs of the property owners through providing Four Basic Guarantees services (which are cleaning, greening, security and maintenance services), which constitute the solid cornerstone of community services system.

While meeting the basic living needs of the residents of the communities, the Group also promotes smart community construction by proactively utilising emerging technologies such as the Internet of Things, big data and artificial intelligence, and introducing the application of intelligent equipment, so as to enhance the Group's service quality and efficiency in providing high quality property management services for the residents. The Group has established a powerful digitalized "cloud" system in the head office, which minimised the dependency on function and scope of "management" and strengthened the service capacity of the "terminal", so as to organise effective community services. For instance, the Group has upgraded the existing Big Dipper system to a "digital property management platform" by equipping an AI big model and adding an intelligent customer service feature that covers the five basic services including security, cleaning, greening, maintenance and engineering, the order-oriented operation system of the lift, energy and decoration services, as well as the customer complaint platform comprising complaint, repair application, parking, payment, decoration and other services. The Group has utilized intelligent robots and AI customer service concierges to divide the entire property management service process into orders, further enhancing the service efficiency of the Group.

In addition to its efforts in refining the basic businesses, the Group has classified its management projects into various service levels based on different charging standards, set standards for equipment modification and services and provided well-oriented service experiences, so as to satisfy customers' demand for performance-price ratio in different projects and secure the Group's rapid expansion across China. With the establishment of an automated, centralised and standardized management system, the Group has realised excellent capacity of cost control under the premise of securing customer satisfaction.

While focusing on improving service efficiency, the Group is dedicated to build a "hustle and bustle" communities. The Group has taken the initiative to organise a wide range of community activities and proactively established communication channels to strengthen the relationship between the property owners as well as the property owners and the property management staff and enrich the residents' off-work life and spiritual culture, with ultimate goal of building a better and more caring community. By providing such services, we are able to create a harmonious environment for the property owners, and push forward the establishment of our unique community culture brand, so as to enhance the property owners' trust in the Group. The improvement of the service relationship also lays a solid foundation for the Group to further expand community consumption scenarios.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is actively building up an online platform Caizhiyun for its community services equipped with functions such as paying property management fees, issuing notices and submitting complaints online through the platform, which not only provides convenience for residents of the communities but also strengthens the interactions between community property owners and the Group via online platform. In addition, the Group designates a proportional number of customer managers based on the number of residents in the communities. The customer managers will carry out following up work and seek feedback relating to customer satisfaction in a timely manner. On one hand, it ensures the quality of basic services in the offline community, and on the other hand, it can efficiently understand the needs of community property owners so as to promote the development of corresponding value-added business. By organically combining the online and offline operations of the community, the Group further extends its competitive advantage.

BUSINESS DEVELOPMENT

Usually, property developers are required to engage property management companies before they obtain the delivery permits. At this stage, property developers usually identify qualified property management companies by way of tender, where the Group arranges its marketing department to submit tenders. Once the Group wins the bid, the area under the property management contracts will be incorporated into the Group's Contracted Managed GFA. Property developers will issue an occupation notification to home buyers after the properties are sold. Upon receipt of such notification, the home buyers will be obliged to settle property management fees. This part of Managed GFA will thus be called the "revenue-bearing GFA". The difference between the Contracted Managed GFA and the revenue-bearing GFA is the "reserved GFA" which will be transferred to the revenue-bearing GFA in future.

With a view of expanding the Group's presence, showcasing its services and abilities to a wider audience, the Group has selectively entered into consultancy service contracts with regional property management companies. The area agreed in the contracts will be incorporated into the Group's Consultancy GFA. Aforementioned Managed GFA and Consultancy GFA are collectively referred to as Contracted Managed GFA of the Group.

The Group focused on driving its endogenous new engagements through reputation and branding. With our outstanding property management experience and expansion capability, as of 31 December 2024, the Contracted Managed GFA of the Group had reached 306.82 million sq.m. while the number of communities thereunder had reached 1,759. In which, as at 31 December 2024, the Group's revenue-bearing Contracted Managed GFA reached 157.35 million sq.m.

While proactively expanding service area, the Group made great efforts to establish and upgrade its community service platform, in an effort to meet the daily needs of the property owners and provide them with quality and efficient property management services. In addition to building caring communities, the Group explored various consumption scenarios, product innovation and new business models, with an aim to provide property owners with various value-added services, making property a much more important part of the property owners' life.

The Group also continued to explore types of value-added services under the community scenario, deepened into the property scenario, and provided customised products and services for the property owners based on market demands and property owner needs. For instance, based on the extensive property owner base of the Group and the parking lot management scenario, the Group proactively explored the auto insurance sales business. By establishing the headquarter-to-headquarter communication mechanism with the insurance companies, the Group strived to improve service efficiency and reduce the selection costs and purchase costs of the property owners. In addition, the Group continued to develop and strengthen online platform technology, paving the path for connection with the system of the insurance companies, which enabled the Group to have real-time feedback of the business and claim settlement data and monitor the quality of community-based products in a dynamic manner, so as to provide property owners with high quality customer services and claim settlement services. Also, the Group has built a community online shopping platform – Colour Life Select, which offers property owners all sorts of goods and services and a light entrepreneurial platform. In doing so, the Group was able to increase the interaction frequency between the property and the property owners, enhance the bonding between the property and the property owners, and improve the recognition of the property owners towards its basic property services and value-added services.

MANAGEMENT DISCUSSION AND ANALYSIS

As of 31 December 2024, the locations of communities where the Group provided management and consultancy services are set out as follows:

Northeastern China
1 Tieling

Northern China
2 Langfang
3 Beijing
4 Cangzhou
5 Chengde
6 Qinhuangdao
7 Shijiazhuang
8 Tianjin
9 Xingtai
10 Hohhot
11 Baotou

Eastern China
12 Heze
13 Dongying
14 Fuzhou
15 Fuzhou
16 Fuyang
17 Ganzhou
18 Gaoyou
19 Hangzhou
20 Huai'an
21 Ji'an
22 Jinan
23 Jiaxing
24 Jiangyin
25 Jingdezhen
26 Jiujiang
27 Jurong
28 Kunshan
29 Linyi
30 Longyan
31 Nanchang
32 Nantong
33 Qingdao
34 Quanzhou
35 Sanming
36 Xiamen
37 Shanghai
38 Shangrao
39 Suzhou
40 Suqian
41 Tai'an
42 Taizhou
43 Weifang
44 Wuxi
45 Xinyu
46 Xuzhou
47 Yancheng
48 Yichun
49 Changzhou
50 Yingtan
51 Zaozhuang
52 Zhangzhou
53 Zhenjiang
54 Nanjing
55 Changshu

Southern China
56 Chongzuo
57 Dongguan
58 Foshan
59 Guangzhou
60 Guigang
61 Guilin
62 Heyuan
63 Huizhou
64 Liuzhou
65 Nanning
66 Qingyuan
67 Shantou
68 Shaoguan
69 Yangjiang
70 Zhaoqing
71 Zhongshan
72 Zhuhai
73 Beihai
74 Wuzhou

Central China
75 Chenzhou
76 Ezhou
77 Enshizhou
78 Huanggang
79 Huangshi
80 Jingzhou
81 Liuyang
82 Loudi
83 Nanyang
84 Shaoyang
85 Shiyan
86 Wuhan
87 Xiangyang
88 Yichang
89 Zhangjiajie
90 Changsha
91 Zhengzhou
92 Luoyang

Shenzhen
93 Shenzhen

Northwestern China
94 Baoji
95 Lanzhou
96 Xi'an
97 Xianyang
98 Yinchuan
99 Yulin

Southwestern China
100 Chengdu
101 Dali
102 Deyang
103 Duyun
104 Dujiangyan
105 Guangyuan
106 Guiyang
107 Kunming
108 Mianyang
109 Neijiang
110 Qiannanzhou
111 Qingzhen
112 Chongqing
113 Ziyang
114 Zunyi
115 Gejiu
116 Nanchong
117 Ngawa Tibetan and Qiang Autonomous Prefecture
118 Suining

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2024, the following table sets out GFA and the number of communities where the Group provided management and consultancy services in different regions as at the dates indicated below:

	As at 31 December 2024				As at 31 December 2023			
	Managed by the Group		Under the Group's consultancy service arrangements		Managed by the Group		Under the Group's consultancy service arrangements	
	GFA ('000 sq.m.)	Number of communities	GFA ('000 sq.m.)	Number of communities	GFA ('000 sq.m.)	Number of communities	GFA ('000 sq.m.)	Number of communities
Shenzhen	**5,022**	**75**	**41**	**1**	5,211	84	41	1
Southern China (excluding Shenzhen)	**53,211**	**371**	**–**	**–**	61,360	420	–	–
Eastern China	**95,847**	**584**	**–**	**–**	99,836	660	–	–
Southwestern China	**49,498**	**237**	**–**	**–**	61,345	267	–	–
Northeastern China	**7,147**	**46**	**–**	**–**	9,100	53	–	–
Northwestern China	**11,763**	**57**	**–**	**–**	13,024	64	–	–
Northern China	**15,883**	**78**	**–**	**–**	19,378	87	–	–
Central China	**68,405**	**310**	**–**	**–**	86,730	351	–	–
Total	**306,776**	**1,758**	**41**	**1**	355,984	1,986	41	1

Note:

(1) As at 31 December 2024, the Group's Contracted Managed GFA reached 306.82 million sq.m.

As at 31 December 2024, the Group managed 1,758 communities with an aggregate contracted GFA of approximately 306.78 million sq.m. and entered into consultancy service contracts with 1 community with an aggregate GFA of consultancy service arrangements of approximately 0.041 million sq.m. The Group mainly expands its business by obtaining new service engagements. The following table sets out the movements of contracted GFA and the number of communities where the Group provided management and consultancy services during the reporting period:

	As at 31 December 2024				As at 31 December 2023			
	Managed by the Group		Under the Group's consultancy service arrangements		Managed by the Group		Under the Group's consultancy service arrangements	
	Contracted Managed GFA ('000 sq.m.)	Number of communities	Contracted Managed GFA ('000 sq.m.)	Number of communities	Contracted Managed GFA ('000 sq.m.)	Number of communities	Contracted Managed GFA ('000 sq.m.)	Number of communities
As at the beginning of the year	**355,984**	**1,986**	**41**	**1**	399,886	2,105	133	2
New engagements [(1)]	**8,905**	**88**	**–**	**–**	15,086	93	–	–
Acquisition [(2)]	**495**	**2**	**–**	**–**	274	7	–	–
Termination [(3)]	**(58,608)**	**(318)**	**–**	**–**	(59,262)	(219)	(92)	(1)
As at the end of the year	**306,776**	**1,758**	**41**	**1**	355,984	1,986	41	1

Notes:

(1) In relation to communities the Group managed, the new engagements mainly included service engagements for new property development projects built by property developers, and a small part was service engagements for residential communities that replaced the previous property management company. In relation to communities the Group provided consultancy services for, new engagements include the Group's entering into of consultancy services agreements with regional property management companies.

(2) The Group expanded its Managed GFA through acquisitions and gained synergy after the acquisition.

(3) The Contracted Managed GFA and the number of communities which the Group ceased to renew certain property management contracts due to commercial factors.

BUSINESS OVERVIEW

The Group has two main business lines:

- Property management services, which primarily include: (i) provision of services for communities under lump sum basis; (ii) provision of services for communities under commission basis; (iii) provision of pre-delivery services for property developers; and (iv) provision of consultancy services for property management companies; and

- Value-added services, which primarily include: (i) online promotion services; (ii) sales and rental assistance services; (iii) engineering services; (iv) other value-added services.

Scope of Services for Property Management Services

As at 31 December 2024, the Group employed over 24,808 on-site personnel (including staffs employed by the Group and the staffs outsourced from third parties) to provide property management services. The table below sets forth the property management fee range for area within the communities the Group managed under commission basis and lump sum basis as at the dates indicated below. Property management fee levels within the same geographical region vary depending on factors such as property types and locations.

	As at 31 December 2024		As at 31 December 2023	
	Under commission basis (RMB/sq.m./ month)	**Under lump sum basis (RMB/sq.m./ month)**	Under commission basis (RMB/sq.m./ month)	Under lump sum basis (RMB/sq.m./ month)
Shenzhen	**0.4-11.4**	**1.8-16.9**	0.4-11.4	1.8-16.9
Southern China (excluding Shenzhen)	**0.5-6.0**	**0.7-16.9**	0.5-6.0	0.7-16.9
Eastern China	**0.4-17.0**	**1.1-16.0**	0.4-17.0	1.1-16.0
Southwestern China	**0.5-6.1**	**0.3-25.0**	0.5-6.1	0.3-25.0
Northeastern China	**0.4-3.3**	**2.0-18.0**	0.4-3.3	2.0-18.0
Northwestern China	**0.5-4.0**	**1.4-22.7**	0.5-4.0	1.4-22.7
Northern China	**0.7-5.5**	**1.2-25.0**	0.7-5.5	1.2-25.0
Central China	**0.6-5.3**	**0.9-16.9**	0.6-5.3	0.9-16.9

MANAGEMENT DISCUSSION AND ANALYSIS

Property management services, which primarily include: (i) provision of services for communities under lump sum basis; (ii) provision of services for communities under commission basis; (iii) provision of pre-delivery services for property developers; and (iv) provision of consultancy services for regional property management companies.

Property Management Services under Lump Sum Basis

Under lump sum basis, the Group is entitled to recognise all property management fees charged from the property owners as revenue and pay the expenses related to property management from the property management fees. Accordingly, the related costs are recognised as the Group's cost of sales.

Property Management Services under Commission Basis

Under commission basis, the Group is essentially acting as an agent of the property owners. The Group reserves the right to retain the specified percentage (usually 10%) of the owner's property management fees as required by the relevant local authorities as the Group's revenue. The remaining property management fees will be used as operating funds to cover the expenses associated with the management of the property.

Pre-delivery Services

The Group may be appointed as a property management company by the property developers at the initial stage of the property development. The Group provides pre-delivery services for the property developers in preparation for the presale activities and recognises the proceeds based on the fees charged. The relevant expenses are calculated based on the number of employees and positions deployed by the Group, and the related staff costs incurred are the sales costs incurred in providing the services.

Consultancy Services

With a view of expanding the Group's presence, showcasing its services and abilities to a wider audience and making its brand more widely known, the Group has selectively entered into consultancy services contracts with regional property management companies. Under such arrangements, the property management companies are contracted to provide property management services for relevant communities. The Group provides consultation and advice for these regional property management companies such that they can leverage on the Group's experience and platform to improve various aspects of them such as property management, quality control and human resources management. In addition, the Group provides value-added services for relevant communities in accordance with the contracts, which may generate additional revenue for the Group in the future.

Scope of Services for Value-added Services

Adhering to the value and concept of "Service to Your Family", the Group has been focusing on providing diversified value-added business services for community property owners. With 22 years of experience in community management and services, the Group has established a comprehensive online and offline service system. The Group has employed on-site personnel such as customer managers and community stewards to provide more convenient community services for property owners. Through paying frequent visits to and communicating with property owners by customer managers of the Group, the Group has built up trust with residents of the communities and has a clearer understanding on the demands of them. Leveraging on the in-depth understanding about the residents of the communities for which the Group provides management and consultancy services, the Group works with third-party professional goods and service providers to create a safer, more convenient and more comfortable living environment for residents.

The Group's value-added services primarily include (i) online promotion services; (ii) sales and rental assistance; (iii) engineering services; and (iv) other value-added services.

Online promotion services

The Group collaborates with providers of various products and services and promotes products or services to property owners through Caizhiyun, the online platform run by the Group. Product and service providers pay certain amount of commission according to their sales ordered through the Caizhiyun platform to the Group. Further, the Group provides system or software for projects that it provides management and consultancy services for, and charges amount of usage fees from using information system software.

Sales and rental assistance

The Group (i) refers its case to a third-party property agent, who assists the property owner in completing the rental and the sale of the property. The Group charges the agent on every successful referral and generates revenue from authorizing property agent's rights to use our online leasing data platform; (ii) helps property developers sell their parking lots under Colour Life Parking Lots model and receives commissions in accordance with the agency sales agreement; (iii) assists communities in renting promotional space of structures (such as elevator interior walls or public spaces) and additional storage space, and receives commissions in return.

Engineering Services

The Group provides engineering services for property developers (including primarily independent property developers and to a lesser extent, the Fantasia Group) and communities which the Group manages through sub-contracting and cooperation with qualified third-party contractors and through its subsidiaries that are mainly engaged in engineering services and energy management services, namely Shenzhen Kaiyuan Tongji Building Technology Co., Ltd. ("Shenzhen Kaiyuan Tongji") and Shenzhen Ancaihua Energy Investment Co., Ltd. ("Shenzhen Ancaihua").

Engineering services provide a safe and comfortable environment for property owners of the communities. It also laid the hardware foundation for the implementation of the strategy of "digital property management platform" for accelerating the comprehensive smart transformation of communities which the Group serves.

In recent years, the Group continued to carry out the internet-based smart transformation to the projects under its management. Focusing on the property owners' multi-dimension needs for easy community life, we strengthened the transformation of the community mainly in two directions. Firstly, hardware is upgraded to include remote monitoring of elevators, QR code/face recognition access control, vehicle license recognition system in car park etc., so as to realise central management control, replace labour with equipment, save energy and posts, and enhance efficiency and service quality. Secondly, a community service platform is established through connecting communities to the Group's cloud system at its head office. For example, real-time picture of the operation condition in the community under the Group's management will be sent to its head office using remote monitoring technology, and it will promptly assign rectification tasks for areas with potential problem and follow up the results.

Other value-added services

Other value-added services include (i) purchase assistance; (ii) energy management services; (iii) insurance brokers; (iv) community care for the elderly; and (v) other value-added services.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW AND ANALYSIS

Revenue

The Group's revenue mainly arises from (i) property management services; (ii) value-added services. For the year ended 31 December 2024, the total revenue increased by 28.1% to approximately RMB1,951.3 million from approximately RMB1,523.2 million for last year.

The increase in revenue was mainly attributable to the increase in revenue from the Group's property management services, which increased by 29.9% in 2024 as compared to the previous year.

	For the year ended 31 December					
	2024		2023		**Variance**	
	Amount RMB'000	**% of total revenue**	Amount RMB'000	% of total revenue	Amount RMB'000	%
Revenue						
Property management services	**1,854,271**	**95.0%**	1,427,599	93.7%	426,672	29.9%
Value-added services	**97,050**	**5.0%**	95,580	6.3%	1,470	1.5%
Total revenue	**1,951,321**	**100.0%**	1,523,179	100.0%	428,142	28.1%

Property Management Services

For the year ended 31 December 2024, revenue from property management services increased by 29.9% to approximately RMB1,854.3 million from approximately RMB1,427.6 million of last year. Breakdown of revenue from property management services are as below:

	For the year ended 31 December					
	2024		2023		**Variance**	
	Amount RMB'000	**% of total revenue**	Amount RMB'000	% of total revenue	Amount RMB'000	%
Revenue						
Property management service fees under lump sum basis	**1,804,994**	**92.5%**	1,309,741	86.0%	495,253	37.8%
Pre-delivery services	**7,924**	**0.4%**	12,956	0.9%	(5,032)	(38.8%)
Property management service fees under commission basis	**40,563**	**2.1%**	102,814	6.7%	(62,251)	(60.5%)
Property management consultancy service fees	**790**	**0.0%**	2,088	0.1%	(1,298)	(62.2%)
Total of property management service fees	**1,854,271**	**95.0%**	1,427,599	93.7%	426,672	29.9%

The changes are mainly attributable to:

(a) An increase in revenue from property management services under lump sum basis by approximately RMB495.3 million, which was mainly due to the increase in the number of the new commissioned projects for business expansion and communities managed under lump sum basis during the year;

(b) A decrease in revenue from property management services under commission basis by approximately RMB62.3 million, which was mainly due to the termination of certain commission basis service contracts;

(c) A decrease in revenue from pre-delivery services by approximately RMB5.0 million;

(d) A decrease in revenue from property management services under consultancy services by approximately RMB1.3 million.

Value-added Services

For the year ended 31 December 2024, revenue from value-added services increased by 1.5% to approximately RMB97.1 million from approximately RMB95.6 million of last year.

Breakdown of revenue from value-added services are as below:

	For the year ended 31 December					
	2024		2023		**Variance**	
	Amount RMB'000	**% of total revenue**	Amount RMB'000	% of total revenue	Amount RMB'000	%
Revenue						
Online promotion services	**15,474**	**0.8%**	36,464	2.4%	(20,990)	(57.6%)
Sales and rental assistance	**53,036**	**2.7%**	27,840	1.8%	25,196	90.5%
Engineering services	**5,801**	**0.3%**	22,710	1.5%	(16,909)	(74.5%)
Other value-added services	**22,739**	**1.2%**	8,566	0.6%	14,173	165.5%
Total of value-added service fees	**97,050**	**5.0%**	95,580	6.3%	1,470	1.5%

The increase in revenue from value-added service as compared to that of last year was due to:

(a) A decrease in revenue from online promotion services by approximately RMB21.0 million, mainly due to the decrease in revenue by approximately RMB19.8 million from software usage fees during the year compared to last year;

(b) An increase in revenue from sales and rental assistance by approximately RMB25.2 million, mainly due to the increase in revenue by approximately RMB20.5 million from assisting communities in renting out physical promotional space during the year compared to last year;

(c) A decrease in revenue from engineering services by approximately RMB16.9 million;

(d) An increase in revenue from other value-added services by approximately RMB14.2 million, mainly due to the newly added income from community elderly care services of approximately of RMB8.3 million during the year.

Cost of Services

Cost of services primarily comprises labour costs, subcontracting costs, costs of raw materials which mainly consist of energy-saving light bulbs, intercommunication devices, security camera wires, pipes and others, utility costs, depreciation and amortisation, rental cost and others. For the year ended 31 December 2024, cost of services increased by approximately RMB472.3 million or approximately 44.2% from approximately RMB1,069.0 million of last year to approximately RMB1,541.3 million.

Gross Profit and Gross Profit Margin

For the year ended 31 December 2024, the overall gross profit was approximately RMB410.0 million, representing a decrease of approximately RMB44.2 million or approximately 9.7% from approximately RMB454.2 million for last year.

The overall gross profit margin for the year ended 31 December 2024 was approximately 21.0%, representing a decrease of 8.8 percentage points as compared to 29.8% of last year.

(i) Property Management Services

For the year ended 31 December 2024, the gross profit of property management services was approximately RMB334.6 million, representing a decrease of approximately RMB50.3 million from approximately RMB384.9 million for last year, and gross profit margin for the year amounted to 18.0%, representing a decrease of 9.0 percentage points as compared to 27.0% of last year, mainly due to the decrease in revenue from the provision of property management services under commission basis.

(ii) Value-added Services

For the year ended 31 December 2024, the gross profit of value-added services was approximately RMB75.4 million, representing an increase of approximately RMB6.1 million from approximately RMB69.3 million for last year, and gross profit margin increased by 5.2 percentage points from 72.5% for last year to 77.7%.

Other Gains and Losses

For the year ended 31 December 2024, the Group's other gains and losses amounted to a loss of approximately RMB34.9 million, representing a decrease in loss of approximately RMB8.5 million as compared to a loss of approximately RMB43.4 million last year. Other gains and losses for the year arose from the disposal of equity interests in subsidiaries and current losses of approximately RMB27.3 million.

Other Income

For the year ended 31 December 2024, other income of the Group decreased by approximately RMB8.8 million to approximately RMB20.9 million from approximately RMB29.7 million of last year, which was mainly attributable to a decrease of approximately RMB9.9 million in government subsidy.

Selling and Distribution Expenses

For the year ended 31 December 2024, selling and distribution expenses of the Group amounted to approximately RMB4.2 million, representing a decrease of approximately RMB0.5 million from approximately RMB4.7 million of last year.

Administrative Expenses

For the year ended 31 December 2024, administrative expenses of the Group were approximately RMB234.0 million, representing a decrease of approximately 8.5% from approximately RMB255.7 million of last year.

Finance Costs

For the year ended 31 December 2024, the finance costs of the Group amounted to approximately RMB2.5 million, representing an increase of approximately RMB0.6 million as compared to that of approximately RMB1.9 million last year, and the finance costs were derived from lease liabilities.

Income Tax Expenses

For the year ended 31 December 2024, the Group's income tax expenses amounted to approximately RMB24.3 million, representing an increase of approximately RMB4.7 million from approximately RMB19.6 million of last year.

Goodwill

As at 31 December 2024, the carrying amount of goodwill was approximately RMB880.3 million, representing a decrease of approximately RMB26.6 million from approximately RMB906.9 million as at 31 December 2023. This was mainly due to (i) a decrease in goodwill of approximately RMB29.1 million due to the disposal of companies by the Group during the year; and (ii) an increase in goodwill of approximately RMB2.5 million due to the acquisition of companies by the Group during the year.

Bank Balances and Cash

As at 31 December 2024, the Group's bank balances and cash increased by approximately 4.9% to approximately RMB994.1 million from approximately RMB947.9 million as at 31 December 2023.

Trade and Other Receivables and Prepayments

Trade receivables mainly arise from property management services income under lump sum basis, property management services income from pre-sale services, property management service income from consultancy services, engineering services income and value-added services income.

As at 31 December 2024, trade receivables of the Group net of the allowance for credit losses amounted to approximately RMB748.5 million, which increased by approximately RMB96.7 million as compared to approximately RMB651.8 million as at 31 December 2023. Trade receivables growth was similar to services revenue growth.

As at 31 December 2024, the Group's other receivables and prepayments amounted to approximately RMB1,535.8 million, which increased by approximately RMB75.3 million as compared to approximately RMB1,460.5 million as at 31 December 2023.

Payments/Receipts on Behalf of Residents

Payments/receipts on behalf of residents represent the current accounts with the property management offices of residential communities managed by the Group under commission basis. These property management offices of residential communities usually have no separate bank accounts because they have no separate legal identity status. For the daily management of these property management offices of residential communities, all transactions of these management offices, including the collection of property management fees and the settlement of daily expenses, are settled through the treasury function of the Group. A net receivable balance from the property management office of the residential community represents expenses paid by the Group on behalf of the residential community in excess of the property management fees collected from the residents of the residential community. A net payable balance to the property management office of the residential community represents property management fees collected from residents of the residential community in excess of the expenses paid by the Group on behalf of the residential community.

MANAGEMENT DISCUSSION AND ANALYSIS

Trade and Other Payables and Accruals

Trade and other payables and accruals primarily comprise amounts payables for subcontracting services, deposits received, accrued staff costs, other taxes payable, provision for retirement benefits contribution and consideration payable for acquisition of subsidiaries.

As at 31 December 2024, trade payables amounted to approximately RMB500.0 million (31 December 2023: RMB378.9 million). The increase was approximately RMB121.1 million and the increase in trade payables was similar to the increase in operating costs.

As at 31 December 2024, other payables and accruals amounted to approximately RMB217.2 million (31 December 2023: RMB211.0 million).

Share Capital

As at 31 December 2024, the total number of issued shares of the Company was approximately 1,487,526,000 (31 December 2023: approximately 1,487,526,000) and the share capital was approximately RMB120.8 million (31 December 2023: approximately RMB120.8 million).

Cash Position

As at 31 December 2024, the Group's total cash (including pledged bank deposits) was approximately RMB1,049.2 million, representing an increase of approximately 5.1% from approximately RMB998.2 million as at 31 December 2023, of which approximately RMB55.1 million (31 December 2023: approximately RMB50.3 million) were restricted.

As at 31 December 2024, the current ratio (current assets/current liabilities) of the Group was approximately 3.1 (31 December 2023: approximately 3.1).

Net Gearing Ratio

The net gearing ratio was calculated by net debt over the total equity. As at 31 December 2024, the total of bank balances and cash and pledged/restricted bank deposits amounted to approximately RMB1,049.2 million and the interest-bearing liabilities were fully paid up. Therefore, no net gearing ratio was presented as at 31 December 2024. There was also no net gearing ratio as at 31 December 2023.

Currency Risk

As the Group mainly operates its business in China, there is no material direct exposure to foreign exchange fluctuations risk.

Employees and Remuneration Policies

As at 31 December 2024, the Group had approximately 10,191 employees (31 December 2023: approximately 11,156 employees). Remuneration is determined with reference to the performance, skills, qualifications and experiences of the staff concerned and the prevailing industry practice.

Apart from salary payments, other staff benefits include contribution to the mandatory provident fund (for Hong Kong employees) and state-managed retirement pension scheme (for employees in the PRC) and a discretionary bonus program.

CONTINGENT LIABILITIES

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

CHARGE ON THE GROUP'S ASSETS

As at 31 December 2024, the Group has no material charge on assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 2 January 2024, 成都市福泰年企業管理有限公司 (Chengdu Futainian Enterprise Management Co., Ltd.*), a wholly-owned subsidiary of Fantasia Holdings Group Co., Limited, as vendor entered into an agreement with, among others, 深圳市彩生活網路有限公司 (Shenzhen Colour Life Network Co., Ltd.*) (the "Purchaser"), a wholly-owned subsidiary of the Company, under which the vendor agreed to acquire from the Purchaser a 100% interest in 四川三陽紅實業有限公司 (Sichuan Sanyanghong Industrial Co., Ltd.*) (the "Target Company"), together with account receivable from the subsidiary of the Target Company of RMB3,999,999 at the aggregated consideration of RMB3,400,000. The disposal was completed in 2 January 2024 upon which the Target Company is held as to 100% by the Company. The disposal constituted a connected transaction for the Company subject to the reporting and announcement requirements and exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. For details, please refer to the Company's announcements on 2 January 2024 and 8 April 2024.

Save as disclosed above, there were no material acquisitions and disposals of subsidiaries, associates and joint ventures by the Group during the year ended 31 December 2024.

SIGNIFICANT INVESTMENTS

During the year, the Group has no significant investments.

DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS AND EXPECTED SOURCES OF FUNDING

Reference is made to the prospectus of the Company dated 3 March 2025 in relation to the proposed rights issue by the Company (the "Rights Issue") on the basis of one (1) rights share (the "Rights Share(s)") for every four (4) existing shares held on the record date by the qualifying shareholders at the subscription price of HK$0.165 per rights share on a non-underwritten basis. As disclosed in the announcement of the Company dated 24 March 2025, a total of 371,881,438 Right Shares was issued under the Right Issue. The gross proceeds from the Right Issue was approximately HK$61.36 million and the net proceeds was approximately HK$60.36 million. The Group shall apply the proposed use of proceeds set forth in the section headed "REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND INTENDED USE OF PROCEEDS" in the Prospectus. Saved as above, the Group has no plans for material investments and capital assets.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Liu Hongcai (劉宏才) ("Mr. Liu"), aged 49, was appointed as the executive director of the Company on 24 December 2021. He is the executive president of Shenzhen Colour Life Services Group Co., Limited ("Shenzhen Colour Life Services Group") and is responsible for the overall operation of the Group's projects. Mr. Liu joined the Group on 30 December 2010 and acted as the general manager of the Shenzhen business division of the Group. He acted as the general manager of the Eastern Shenzhen business division of the Group on 5 January 2012, and he was the general manager of Guangzhou business division of the Group from 8 January 2013 to 31 December 2016. He acted as the general manager of Guangdong and Guangxi regions of the Group and the general manager of the Guangzhou business division from 1 January 2017 to 31 March 2020, and the person-in-charge of the Group's Hunan and Hubei regions (at the general manager level) from 1 April 2020. He was the vice president and regional president of the Western Theater Command of Shenzhen Colour Life Service Group from 16 May 2020 to 8 October 2021. He has been the executive president of Shenzhen Colour Life Service Group since 9 October 2021. Prior to joining the Group, he was the regional director of Shenzhen Fantasia Property Management Limited from 2 August 2008 to 29 December 2010 and the project manager of Shenzhen Fantasia Property Management Limited (Kangqiao Branch) from 1 August 2007 to 1 August 2008. He served various roles in China Overseas Property Management Co., Limited from 31 December 1998 to 31 July 2007 and his last position was project manager.

Mr. Liu obtained a bachelor's degree in Real Estate and Realty Management from International Business University of Beijing in 2005. He was awarded 2020 Top 100 Property Manager of the PRC (2020中國物業經理人100強) and Meritorious Person of the 40th Anniversary of the Development of the Property Management Industry in Guangdong Province (廣東省物業管理行業發展四十周年功勳人物).

Ms. Yang Lan (楊瀾) ("Ms. Yang"), aged 48, joined the Group on 1 March 2018. She is also the Chief Financial Officer of Shenzhen Colour Life Service Group and person-in-charge of the investment reporting division, responsible for investment reporting. Prior to joining the Group, Ms. Yang worked at TCL Multimedia Technology Holdings Limited from 13 July 1998 to 28 February 2018, with her last position as the financial controller. Ms. Yang has approximately 25 years of experience in accounting and financial management.

Ms. Yang obtained a Bachelor's Degree in Economics from Xi'an Jiaotong University in July 1998, a Master's Degree in Economics from Peking University in December 2010 and a Master's Degree in Business Administration from Peking University HSBC Business School in August 2020. She holds the title of senior accountant.

NON-EXECUTIVE DIRECTORS

Mr. Zhu Jindong (朱晉東) ("Mr. Zhu"), aged 44, was appointed as a non-executive Director, the chairman of the Board and the chairman of the nomination committee of the Company on 11 September 2023. Mr. Zhu has been the assistant president of the Fantasia Holdings, the controlling Shareholders and a substantial Shareholder, the shares of which are listed on the main board of the Stock Exchange (stock code: 1777) since 2021. Mr. Zhu joined the Fantasia Group in July 2004 and served various roles relating to project management, sales and operational management. Since 2015, Mr. Zhu has been in a managerial position within the Fantasia Group. He has approximately 19 years of experience in the real estate industry.

Mr. Zhu obtained a Bachelor's degree in civil engineering from Harbin Institute of Technology in July 2003.

Mr. Timothy David Gildner (Timothy David Gildner) ("Mr. Gildner"), aged 55, was appointed as a non-executive Director of the Company on 11 September 2023. He is also an executive director and the vice president of Fantasia Holdings Group Co., Limited (stock code: 1777), which is a substantial Shareholder and the controlling Shareholder of the Company, the shares of which are listed on the Main Board of the Stock Exchange. Prior to joining the Fantasia Group, he was a director of Gottardo Advisory Limited between January 2012 and April 2022. He was also a visiting scholar at the City University of Hong Kong between January 2017 and June 2019 for graduate level courses in real estate investment in China and real estate financing; and for fintech related courses at The Hong Kong University of Science and Technology between June 2015 and January 2017. He has extensive knowledge and experience in finance and management.

Mr. Gildner obtained a bachelor of art degree in journalism from Michigan State University, a master's degree in international affairs and a master's degree of business administration from Columbia University in 2002.

Mr. Chen Wenjian (陳文堅) ("Mr. Chen"), aged 41, was appointed as a non-executive Director of the Company on 11 September 2023. He is currently the senior director of 360 (Beijing) Private Equity Fund Management Co., Ltd.*（三六零（北京）私募基金管理有限公司）("360 Fund Management"). Prior to joining 360 Fund Management, Mr. Chen has served as various roles in financial institutions and as the secretary to the board of a company listed on the Shenzhen Stock Exchange. He has over 10 years of experience in securities, investment research and investment banking businesses.

Mr. Chen obtained a bachelor's degree in statistics and a master's degree in western economics, both from Xiamen University, in 2006 and 2010 respectively.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lee Yan Fai ("Mr. Lee"), aged 41, was appointed as an independent non-executive Director on 14 June 2023. He is currently the chairman of the audit committee and member of the audit committee and the remuneration committee. Mr. Lee obtained his Master's degree of Professional Accounting from The Hong Kong Polytechnic University. Mr. Lee has been a practising accountant in Hong Kong since 2014. He is a fellow member of Hong Kong Institute of Certified Public Accountants and an associate of The Institute of Concreted Accountants in England and Wales. He is currently an independent non-executive director of TS Wonders Holding Limited (stock code: 1767), a company listed on the Stock Exchange. Mr. Lee has over 10 years' extensive experience by working in international audit firms and other listed companies. Mr. Lee was the financial controller of each of China Carbon Neutral Development Group Limited (formerly known as Bisu Technology Group International Limited) (stock code: 1372) from August 2015 until December 2018 and Sino Golf Holdings Limited (stock code: 361) from September 2015 until December 2018, both being companies listed on the Main Board of the Stock Exchange. He currently serves as a managing partner of SFAI (HK) CPA Limited.

Mr. Zhang Raymond Yue (張玥) ("Mr. Zhang"), aged 48, was appointed as an independent non-executive Director of the Company on 25 September 2023. He has over 15 years of experience in credit investment, private equity, investment banking and capital market. Mr. Zhang was the partner of VMS Investment Group from December 2015 to February 2017. During the period between January 2005 and November 2015, Mr. Zhang has served in various investment banks and his last position was the managing director of Deutsche Bank's Investment Banking in Asia-Pacific Region. Currently, Mr. Zhang is the deputy secretary-general of the China Independent Non-executive Directors Association, the vice-president of the Hong Kong Limited Partnership Fund, the chairman of the Financial Cooperation Committee of the Hong Kong Association for International Economic and Trade Cooperation, the vice chairman of professional services committee of Belt & Road General Chamber of Commerce, executive council member of Center for China & Globalization, a member of the ASTRI Technology Review Panel and a mentor of Hong Kong Cyberport.

Mr. Zhang obtained the bachelor's degree in commerce from The University of Sydney in October 2000 and master's degree in applied finance from Macquarie University in July 2005. He is currently studying in the CEO program at Cheung Kong Graduate School of Business.

Ms. Yu Shan (俞珊) ("Ms. Yu"), aged 47, was appointed as an independent non-executive Director of the Company on 15 March 2024. She is a member of CPA Australia, a member of the Hong Kong Independent Non-Executive Director Association and the deputy secretary general of China Independent Non-Executive Director Association. She has over 20 years of experience in financial management, auditing, mergers and acquisitions in Hong Kong and overseas. Ms. Yu has served as a director of China Enterprise Service Centre （中國企業服務中心） (License number: TC006107) since July 2015; and has served as director, vice president and other positions in Fortune International Group since August 2004, responsible for its financial management, auditing, mergers and acquisitions in Hong Kong and overseas.

Ms. Yu obtained a professional diploma in International Trade from the Beijing Institute of Technology in July 1998; completed a Law major degree at the China University of Political Science and Law in December 2000; obtained the Certificate of Completion of Professional Training in International Tax Planning organised by the National Accounting Institute in August 2001; and obtained the programme certificate of Family Business Management Course from Cheung Kong Graduate School of Business in October 2009.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Ms. Yu Haihua (于海華) ("Ms. Yu"), aged 45, joined the Group on 28 March 2011. She was appointed as the assistant president of the Group on 1 August 2020 and was appointed as the vice president of the Group on 1 January 2022. She is currently the vice president of Shenzhen Colour Life Service Group and the chairman of the Colour Life Charitable Foundation and is responsible for the human resources, administration, brand operation and investor relations of the Group. Prior to joining the Group, she was the assistant to chairman of the board of Shenzhen Daihing Automobile Group Co., Ltd. Ms. Yu has 20 years of experience in human resources and administrative management. Ms. Yu obtained a postgraduate certificate of completion in Applied Psychology from Sun Yat-sen University in 2014. She has completed the studies in senior management programme from Cheung Kong Graduate School of Business in 2015 and the executive education programme from China Europe International Business School. She holds qualifications as a counsellor and health manager.

Mr. Wang Bincai (王彬才) ("Mr. Wang"), aged 43, joined the Group on 1 November 2007. He was appointed as the assistant president of the Group on 1 January 2022, which is responsible for the Southern China region. He is currently the assistant president of Shenzhen Colour Life Service Group, responsible for the overall management of the basic service business cluster, and also the general manager of the Northeast business division and the Hejin business division. Mr. Wang has 23 years of experience in property management. Prior to joining the Group, he worked in Shenzhen Liantang Property Management Co., Ltd. from 2000 to 2007. His last position was the project supervisor of Yantian Heheng Square project. Mr. Wang obtained a bachelor's degree in business administration from Beijing University of Posts and Telecommunications. He holds the title of a Property Management Enterprise Manager (物業管理企業經理).

Mr. Dou Yongzhi (竇勇志) ("Mr. Dou"), aged 54, joined the Group in 1 February 2018. He was appointed as vice president and regional president of the Northern China region and person-in-charge of Beijing SAR of the Group on 16 May 2020 and he was appointed as Assistant President of the Group on 1 January 2024. He is currently the assistant president of the Shenzhen Colour Life Service Group and the general manager of Beijing Darwin business division. Prior to joining the Group, Mr. Dou worked in Beijing Darwin International Hotel Property Management Co., Ltd (北京達爾文國際酒店物業管理有限公司). His last position was managing director. Mr. Dou obtained a master's degree in engineering from Wuhan University of Technology and holds the title of Certified Property Manager. Mr. Dou has 25 years of experience in property management. He is a bid evaluation expert of the Government Procurement Expert Database of Beijing and the People's Mediator of People's Mediation Committee for Property Management Disputes of Chaoyang District, Beijing (北京市朝陽區物業管理糾紛人民調解委員會).

Mr. Liu Luanxi (劉鑾喜) ("Mr. Liu"), aged 49, joined the Group on 1 October 2005. He was appointed as an assistant president of the Group on 1 January 2022, which is responsible for the Shenzhen region. He is currently the assistant president of Shenzhen Colour Life Service Group and the general manager of the Shenzhen business division and Xiangyang division. Mr. Liu has 18 years of experience in property management. Mr. Liu obtained a bachelor's degree in business administration from Nankai University in 2019. He was awarded 2022 Top 100 Property Manager of the PRC and is currently the president of Shenzhen Luohu District Property Service Industry Association (深圳市羅湖區物業服務行業協會).

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Liu Meige (劉美鴿) ("Ms. Liu"), aged 40, joined the Group on 16 October 2006. She was appointed as the assistant president of the Group on 1 January 2022, which is responsible for Northwest China region. She is currently the assistant president of the Shenzhen Colour Life Service Group and the general manager of Northwest China business division. Ms. Liu has 17 years of experience in property management. Ms. Liu obtained a bachelor's degree in accounting from Central South University in 2013.

Mr. Xu Jun (徐君) ("Mr. Xu"), aged 51, joined the Group on 1 October 2015. He was appointed as the assistant president of the Group on 1 January 2022, which is responsible for Southwest China region. He is currently the assistant president of Shenzhen Colour Life Service Group and the general manager of Chengdu Heli business division. Prior to joining the Group, Mr. Xu worked in Chengdu Heli Property Management Co., Ltd. from 2004 to 2015 and has been the deputy general manager and general manager successively. He has 25 years of experience in property management. Mr. Xu graduated from Chengdu University of Technology in June 1995 and obtained a bachelor's degree in business administration from University of Electronic Science and Technology of China in January 2023. He holds the title of Certified Property Manager and Economics Professional Qualification. He acted as the Chengdu Property Management Industry Expert in 2015 and has been the expert of Chengdu Housing and Urban-Rural Development Department (四川省住房和城鄉建設廳) from 2016 to 2023.

Mr. Huang Rongbin (黃榮彬) ("Mr. Huang"), aged 42, joined the Group on 1 March 2021. He was appointed as the general manager of community asset management division of the Group on 10 March 2021 and he was appointed as the assistant president of the Group on 1 January 2022, which is responsible for the community asset management division. He is the assistant president of Shenzhen Colour Life Service Group and is in charge of the community asset management division. He is responsible for the Group's asset management business. Prior to joining the Group, he worked in Fantasia China from 23 June 2014 to 28 February 2021. His last position was person-in-charge of the small loan business division. Mr. Huang obtained a bachelor's degree in management from Jinan University.

CHANGE IN INFORMATION OF DIRECTORS

Save as disclosed below, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

1. The director's fee of Mr. Zhu Jindong, a non-executive Director, has been changed to HK$360,000 per annum, effective from 1 October 2024; and

2. The director's fee of Mr. Zhang Raymond Yue, an independent non-executive Director, has been changed to HK$240,000 per annum, effective from 1 October 2024.

REPORT OF DIRECTORS

The board of directors (the "Board") is pleased to present the annual report together with the audited consolidated financial statements of Colour Life Services Group Co., Limited (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 44 to the consolidated financial statements.

RESULTS AND BUSINESS REVIEW

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on page 71. A fair review of the business of the Group and a discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position are provided in the Chairman's Statement and Management Discussion and Analysis sections respectively from pages 10 to 16 and 17 to 28 of this annual report. The future development of the Group's business is discussed throughout this annual report including in the Chairman's Statement from pages 10 to 16 of this annual report. The principal risks and uncertainties facing the Group are disclosed in the Report of Directors on pages 44 to 47 of this annual report. In addition, more details regarding the Group's performance by reference to environmental and social-related key performance indicators and policies, as well as compliance with relevant laws and regulations which have a significant impact on the Group, are provided in the Corporate Governance Report from pages 54 to 63 of this annual report and the Environmental, Social and Governance Report (the "ESG Report") which will be published separately.

DIVIDEND

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

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders of the Company who are entitled to attend and vote at the forthcoming annual general meeting of the Company to be held on Friday, 23 May 2025 ("AGM"), the register of members of the Company will be closed from Tuesday, 20 May 2025 to Friday, 23 May 2025, both days inclusive. In order to qualify as shareholders of the Company to attend and vote at the AGM, unregistered holders of shares of the Company are required to lodge all transfer documents accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 19 May 2025.

SHARE CAPITAL

As at 31 December 2024, the total number of issued shares of the Company was approximately 1,487,526,000 (31 December 2023: 1,487,526,000) and the share capital was RMB120,750,000 (31 December 2023: RMB120,750,000).

REPORT OF DIRECTORS

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Reference is made to the prospectus of the Company dated 3 March 2025 in relation to the proposed rights issue by the Company (the "Rights Issue") on the basis of one (1) rights share (the "Rights Share(s)") for every four (4) existing shares held on the record date by the qualifying shareholders at the subscription price of HK$0.165 per rights share on a non-underwritten basis.

As disclosed in the Company's announcement of 24 March 2025, a total of 371,881,438 Rights Shares have been issued pursuant to the Rights Issue. The gross proceeds of the Rights Issue was approximately HK$61.36 million and the net proceeds was approximately HK$60.36 million.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

Distributable reserves of the Company as at 31 December 2024, calculated under the Cayman Islands Companies Law, amounted to RMB1,883 million (2023: RMB1,880 million) representing share premium of RMB1,739 million and retained earnings of RMB144 million.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group recognises the accomplishment of the employees by providing comprehensive benefit package, career development opportunities and internal training appropriate to individual needs. Apart from basic remuneration, share options may be granted under the share option scheme to eligible employees by reference of the Group's performance as well as individual's contribution. The Group provides a healthy and safe workplace for all employees. No strikes and cases of fatality due to workplace accidents are found in the year under review. As at 31 December 2024, number of the employees was 10,191 (as at 31 December 2023, 11,156), the decrease was mainly due to the decrease in front-line staff in property management projects. The Group encompasses working relationships with suppliers to meet our customers' needs in an effective and efficient manner. The departments work closely to make sure the tendering and procurement process is conducted in an open, fair and just manner. The Group's requirements and standards are also well-communicated to suppliers before the commencement of a project. The Group values the views and opinions of all customers through various means and channels, including usage of business intelligence to understand customer trends and needs and regularly analyses and makes changes based on customer feedback. The Group also conducts comprehensive tests and checks to ensure that only quality products and services are offered to the customers.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors during the year and up to the date of this report were:

Executive Directors:
Mr. Liu Hongcai
Ms. Yang Lan

Non-executive Directors:
Mr. Zhu Jindong
Mr. Timothy David Gildner
Mr. Chen Wenjian

Independent non-executive Directors:
Mr. Lee Yan Fai
Mr. Zhang Raymond *Yue*
Ms. Yu Shan *(appointed on 15 March 2024)*

On 15 March 2024, Ms. Yu Shan was appointed as an independent non-executive director of the Company.

In accordance with Article 83(3) of the existing articles of association of the Company (the "Articles"), Ms. Yu Shan shall hold office until the AGM and is eligible and willing to stand for re-election at the AGM.

In accordance with Article 84 of the existing Articles, one-third of then directors are required to retire by rotation at each annual general meeting. Mr. Zhu Jindong and Mr. Lee Yan Fai will retire by rotation and will be eligible for re-election.

No Director proposed for re-election at the AGM has entered into a service contract with the Company or any of its subsidiaries which is not determinable by the employing Company within one year without payment of compensation other than statutory compensation.

SENIOR MANAGEMENT'S EMOLUMENTS

Pursuant to code provision B.1.5, the annual remuneration of the members of the senior management (other than Directors) by bands for the year ended 31 December 2024 is set out below:

	Number of individuals
Nil to HK$1,000,000	3
HK$1,000,000 to HK$2,000,000	4
HK$2,000,000 to HK$3,000,000	–
HK$3,000,000 to HK$4,000,000	–
Above HK$4,000,000	–
	7

Details of the remuneration of each of the Directors for the year ended 31 December 2024 are set out in note 12 to the consolidated financial statements.

REPORT OF DIRECTORS

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN THE SECURITIES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2024, the interests and short positions of the directors of the Company (the "Directors") and the chief executive of the Company in the shares, underlying shares and debentures of the Company or of any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) of the Company, as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange ("the Listing Rules") were as follows:

Long positions in the shares and underlying shares of the Company

Name of director	Capacity/Nature of interest	Number of shares held	Number of underlying shares held	Total	Approximate percentage of issued share capital
Mr. Liu Hongcai	Beneficial owner	–	291,150[1]	291,150	0.00%

Notes:

(1) The relevant interests are unlisted physically settled options granted pursuant to the share option scheme of the Company.

(2) As at 31 December 2024, the total number of issued shares of the Company is 1,487,525,754.

Save as disclosed above, as at 31 December 2024, none of the Directors and chief executive of the Company had any interests or short position in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO (including the interests and short positions which the Director is taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SECURITIES OF THE COMPANY

As at 31 December 2024, so far as the Directors are aware and as set out in the register kept under Section 336 of the SFO, the following companies and persons (other than the Directors and chief executives of the Company) had interest or short position in the shares and underlying shares of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Name of substantial shareholders	Capacity	Number of Shares held	Approximate percentage of issued share capital
Ms. Zeng Jie, Baby	Interest of controlled corporation (note 2)	1,013,643,318 (L) (note 1)	68.14%
Ice Apex Limit	Interest of controlled corporation	782,407,472 (L)	52.60%
Fantasy Pearl International Limited ("Fantasy Pearl")	Interest of controlled corporation	780,104,676 (L)	52.44%
	Beneficial owner	2,302,796 (L)	0.15%
Fantasia	Beneficial owner	780,104,676 (L)	52.44%
Jovial New Limited	Interest of controlled corporation	231,235,846	15.54%
Delight Vision Holdings Limited	Interest of controlled corporation	231,235,846	15.54%
Splendid Fortune Enterprise Limited	Beneficial owner	231,235,846 (L)	15.54%

Notes:

(1) These shares comprises (i) 780,104,676 shares held by Fantasia; (ii) 2,302,796 shares beneficially owned by Fantasy Pearl and (iii) 231,235,846 shares beneficial owned by Splendid Fortune Enterprise Limited.

(2) The Company is owned as to 52.44% by Fantasia. Fantasia is owned as to 57.41% by Fantasy Pearl, which is owned as to 80% by Ice Apex and 20% by Graceful Star. Ice Apex is wholly owned by Ms. Zeng Jie, Baby. Accordingly, Ms. Zeng Jie, Baby is deemed to be interested in the shares of the Company held by Fantasia for the purpose of Part XV of the SFO.

(3) Splendid Fortune is 67.36% owned by Delight Vision Holdings Limited and 32.64% owned by Shenyan International Investment Co., Ltd. Delight Vision Holdings Limited wholly-owned by Jovial New Limited which is owned as to 100% by Ms. Zeng Jie, Baby. Accordingly, Ms. Zeng Jie, Baby is deemed to be interested in the shares of the Company held by Splendid Fortune for the purpose of Part XV of the SFO.

Save as disclosed above, as at 31 December 2024, no other persons (other than the Directors and chief executives of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

REPORT OF DIRECTORS

SHARE OPTION SCHEME

The Company adopted a share option scheme ("Share Option Scheme") by the written resolutions of the shareholders of the Company passed on 11 June 2014. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

The Share Option Scheme is a share incentive scheme and is established to recognise, acknowledge and reward Eligible Participants (as defined herein) who have contributed to the Group and to encourage Eligible Participants to work towards enhancing the value of the Company. Eligible Participants of the Share Option Scheme include Directors and employees of the Group and any advisors, consultants, distributors, suppliers, agents, customers, and such other persons who the Board considers, in its sole discretion, have contributed or will contribute to the Group.

The maximum number of shares in respect of which options may be granted under the Share Option Scheme and any other share option scheme by the Company must not in aggregate exceed 10% of the total number of shares in issue immediately following the listing of the shares of the Company on the Stock Exchange, unless with the prior approval from the Company's shareholders. As at the date of this annual report, the total number of shares available for issue under the Share Option Scheme is approximately 45,532,000, representing 3.06% of the total number of shares of the Company in issue. The total number of shares issued and to be issued in respect of which options may be granted under the Share Option Scheme to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue at the date of grant, unless with the prior approval from the Company's shareholders and with such participants and his associates abstaining from voting. Options granted to any Director, chief executive or substantial shareholder of the Company, or any of their respective associates, shall be subject to the prior approval of the independent non-executive Directors. Where any option granted to a substantial shareholder or an independent non– executive Director, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted to such person in the 12 month period, (i) representing in aggregate over 0.1% of the shares in issue and the date of such grant; and (ii) having an aggregate value, based on the closing price of the shares, in excess of HK$5 million, such grant of options shall be subject to prior approval of the Company's shareholders in general meeting by way of poll.

An offer of a grant of an option under the Share Option Scheme shall remain open for acceptance for 30 days from the date of grant. Upon acceptance of the option, the grantee shall pay HK$1 (or an equivalent amount in RMB) to the Company by way of consideration for the grant. The subscription price shall be determined by the Board in its absolute discretion, and in any event shall not be less than the highest of (i) the closing price of the shares as stated in the daily quotation sheets of the Stock Exchange on the date of grant, (ii) the average closing price of the shares as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date of grant, and (iii) the nominal value of a share. An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Share Option Scheme. Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of adoption.

The Share Option Scheme expired on 10 June 2024.

For the year ended 31 December 2024, details of movements in the share options under the Share Option Scheme are as follows:

			Number of share options						
Name of grantee	Date of grant	Exercise price HK$	Balance as at 1 January 2024	Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period	Balance as at 31 December 2024	Notes
Directors									
Mr. Liu Hongcai	29 September 2014	6.66	450	–	–	–	(450)	0	(1)
			300	–	–	–	(300)	0	(2)
	30 April 2015	11.00	168,400	–	–	–	–	168,400	(3)
	18 March 2016	5.764	122,000	–	–	–	–	122,000	(4)
Sub-total			291,150	–	–	–	(750)	290,400	
Employees of the Group	29 September 2014	6.66	4,706,550	–	–	–	(4,706,550)	0	(1)
			5,729,176	–	–	–	(5,729,176)	0	(2)&(5)
	30 April 2015	11.00	8,567,319	–	–	(89,995)	–	8,477,324	(3)
	18 March 2016	5.764	9,373,300	–	–	(46,000)	–	9,327,300	(4)
	27 November 2018	4.11	16,864,720	–	–	–	–	16,864,720	(6)
Sub-total			45,241,065	–	–	(135,995)	(10,435,726)	34,669,344	
Total			**45,532,215**	–	–	**(135,995)**	**(10,436,476)**	**34,959,744**	

Notes:

(1) Such share options shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the date of grant; (ii) one third of which shall be vested on the first anniversary of the date of grant, i.e. 29 September 2015; and (iii) the remaining one third of which shall be vested on the second anniversary of the date of grant, i.e. 29 September 2016. The exercise period of these share options has expired on 28 September 2024.

(2) Such share options shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the first anniversary of the date of grant, i.e. 29 September 2015; (ii) one third of which shall be vested on the second anniversary of the date of grant, i.e. 29 September 2016; and (iii) the remaining one third of which shall be vested on the third anniversary of the date of grant, i.e. 29 September 2017. The exercise period of these share options has expired on 28 September 2024.

(3) Such share options shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the first anniversary of the date of grant, i.e. 30 April 2016; (ii) one third of which shall be vested on the second anniversary of the date of grant, i.e. 30 April 2017; and (iii) the remaining one third of which shall be vested on the third anniversary of the date of grant, i.e. 30 April 2018. The exercise period of these share options will expire on 29 April 2025.

(4) Such share options shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the first anniversary of the date of grant, i.e. 18 March 2017; (ii) one third of which shall be vested on the second anniversary of the date of grant, i.e. 18 March 2018; and (iii) the remaining one third of which shall be vested on the third anniversary of the date of grant, i.e. 18 March 2019. The exercise period of these share options will expire on 17 March 2026.

(5) The exercise period of 150,000 share options granted to Mr. Zeng Liqing, who resigned as non-executive Director on 21 April 2015, has been extended at the discretion of the Board.

(6) Such share options shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the first anniversary of the date of grant, i.e. 27 November 2019; (ii) one third of which shall be vested on the second anniversary of the date of grant, i.e. 27 November 2020; and (iii) the remaining one third of which shall be vested on the third anniversary of the date of grant, i.e. 27 November 2021. The exercise period of these share options will expire on 17 March 2028.

The number of share options available for grant under the Share Option Scheme as at 1 January 2024 was 60,561,252, representing approximately 3.26% of the issued shares of the Company as at the date of this annual report. The Share Option Scheme expired on 10 June 2024 so no further grants can be made thereunder.

REPORT OF DIRECTORS

EQUITY-LINKED AGREEMENT

No equity-linked agreements were entered into by the Company, during the year ended 31 December 2024 or subsisted at 31 December 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

For the year ended 31 December 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

As at 31 December 2024, the Company did not have any treasury shares.

MATERIAL ACQUISITIONS AND DISPOSALS

On 2 January 2024, 成都市福泰年企業管理有限公司 (Chengdu Futainian Enterprise Management Co., Ltd.*), a wholly-owned subsidiary of Fantasia Holdings Group Co., Limited, as vendor entered into an agreement with, among others, 深圳市彩生活網路有限公司 (Shenzhen Colour Life Network Co., Ltd.*) (the "Purchaser"), a wholly-owned subsidiary of the Company, under which the vendor agreed to acquire from the Purchaser a 100% interest in 四川三陽紅實業有限公司 (Sichuan Sanyanghong Industrial Co., Ltd.*) (the "Target Company"), together with account receivable from the subsidiary of the Target Company of RMB3,999,999 at the aggregated consideration of RMB3,400,000. The disposal was completed in 2 January 2024 upon which the Target Company is held as to 100% by the Company. The disposal constituted a connected transaction for the Company subject to the reporting and announcement requirements and exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. For details, please refer to the Company's announcements on 2 January 2024 and 8 April 2024.

Save as disclosed above, during the year ended 31 December 2024, the Company has no material acquisitions and disposals.

THE PRINCIPAL RISKS AND UNCERTAINTIES FACING THE GROUP

Principal Risks and Uncertainties

The Company operates in a dynamic and complex environment, which exposes it to various risks and uncertainties. Management has identified the following principal risks and uncertainties that are most relevant and significant to the Company's operations, financial position, and business plans:

1. *Macroeconomic Environment Uncertainties*

   Risks:

   - **Economic slowdown:** The slowdown in economic growth in China and around the world could lead to real estate market shrinkage and reduced demand for property management.
   - **Inflation:** Rising costs of raw materials and labour may squeeze companies' profit margins.

   Measures:

   - **Diversify revenue sources:** Apart from traditional property management services, the Company will actively expand into other businesses, such as smart community solutions, renovation of old residential areas, and management of commercial complexes, so as to reduce the impact from real estate market fluctuations.
   - **Strengthen cost control:** Optimise operational processes and improve management efficiency to reduce costs. At the same time, the Company will implement refined management to improve employee productivity.
   - **Enhance cash flow management:** Strengthening cash flow forecasting and control can help the Group to maintain sound debt repayment ability and liquidity under economic uncertainties.

2. *Policy Risks in Real Estate Industry*

Risks:

- **Policies regulation:** The government may introduce stricter real estate market regulation policies to curb house price increases or cool down the market.

- **Debt issues of real estate enterprises:** Bankruptcy or default of real estate developers may put a halt to the Group's projects and also affect the normal performance of property management contracts.

Measures:

- **Expand policy research and forecasting:** The Company will strengthen monitoring of macroeconomic policies and industry trends, adjust business strategies in a timely manner, and ensure that its operations are in line with policy directions.

- **Strengthen cooperation with real estate developers:** To ensure long-term and stable cooperation relationships with developers, especially under property management service agreements in large-scale development projects.

- **Expand non-real estate related property management markets:** These include property management for governments or enterprises, which can help to reduce the impacts from real estate market fluctuations.

3. *Market Competition Pressures*

Risks:

- **Competition from other developers:** As the property management market matures, competition is becoming increasingly fierce. Failure to consistently provide quality services or innovations may result in loss of market share.

- **Price wars:** Competition among peers may lead to price wars, which will drag on service fees and affect profitability.

Measures:

- **Enhance service quality and customer experience:** Increase customer stickiness by providing differentiated, high-quality value-added services (such as smart home management, community cultural activities, etc.).

- **Technological innovation:** Through digital transformation, the Company will utilise technologies such as artificial intelligence, big data, and the Internet of Things (IoT) to improve operational efficiency, reduce labour costs, and enhance service quality.

- **Brand building and word-of-mouth marketing:** To strengthen market awareness and loyalty by strengthening brand promotion and customer word-of-mouth marketing.

4. *Human Resource Management Issues*

Risks:

- **High employee turnover:** The property management industry is characterized of high employee turnover rate, especially for frontline employees, who are usually difficult to recruit and retain.

- **Rising labour costs:** As market salary levels continue to rise, pressure on employee salary and benefit expenditures increases.

Measures:

- **Strengthen staff training and development:** Turnover rate can be reduced and the overall service quality will be enhanced by improving technical skills and management levels of our employees.

- **Improve welfare benefits:** To provide competitive salary packages, strengthen welfare protection, and enhance employees' sense of belonging and loyalty.

- **Establish a talent reserve plan:** We will cooperate with vocational schools and conduct recruitment activities to attract more talents to join us.

5. *Technology and Innovation Challenges*

Risks:

- **Technological upgrades lagging behind:** If a company fails to keep up with the trend of smart property management, it may lose its competitive advantage in the market.

- **Data security risks:** With digital transformation, the risk of data leakage and cyber–attacks increase, which may affect the image and the trust of users of the Company.

Measures:

- **Increase investment in research and development:** We will continue to increase investment in smart property management systems and digital platforms to promote our layout in technological innovation so as to improve service efficiency and user experience.

- **Strengthen network security management:** To adopt advanced network security technologies, strengthen data encryption protection and access control, and ensure data security of customer and the Company.

- **External technology companies' cooperation:** Cooperate with technology leading companies to introduce advanced technology and management experience to ensure technological leadership of the Company in the industry.

6. *Financial Risks*

Risks:

- **Capital market volatility:** Stock market volatility may affect the performance of a company's share price, especially when capital market sentiment is unstable.

Measures:

- **Optimise capital structure:** Optimise capital structure and reduce financial risks through reasonable planning of financing channels.

- **Diversify financing channels:** In addition to equity financing, we can also consider diversified financing methods, such as bank loans, to ensure a stable source of funds.

- **Improve financial transparency:** Strengthen communication with investors and the capital market, maintain transparent financial reporting and operating conditions, and reduce market concerns about the Company's future.

7. *Natural Disasters and Emergencies*

Risks:

- **Natural disasters:** Natural disasters such as earthquakes and floods may cause damage to property facilities and affect normal operations.

- **Public health incidents:** Emergencies such as epidemics may restrict the movement of personnel that affect service delivery of the Company.

Measures:

- **Improve emergency response plans:** Establish a comprehensive disaster emergency management mechanism and conduct regular drills to ensure our operations can be quickly resumed under emergency situations.

- **Insurance coverage:** Purchase adequate insurance for the Company assets and projects to reduce the financial impact of unexpected incidents on our operations.

- **Remote work and online services:** Use digital tools to provide remote management and online services to cope with challenges brought by emergencies such as epidemics.

Conclusion

Management is actively monitoring and addressing these risks and uncertainties to minimize their impact on the Company's operations, financial position, and business plans. The Company remains committed to maintaining a robust risk management framework and will continue to adjust its strategies as necessary to navigate the evolving market and regulatory environment.

REPORT OF DIRECTORS

DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS AND EXPECTED SOURCES OF FUNDING

As disclosed in the announcement of the Company dated 24 March 2025, a total of 371,881,438 Right Shares was issued under the Right Issue. The gross proceeds from the Right Issue was approximately HK$61.36 million and the net proceeds was approximately HK$60.36 million. The Group shall apply the proposed use of proceeds set forth in the section headed "REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND INTENDED USE OF PROCEEDS" in the Prospectus. Saved as above, the Group has no plans for material investments and capital assets.

RIGHTS TO ACQUIRE SHARES

Save for the share options granted to the Directors, at no time during the year was the Company, or its holding company, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Other than those transactions disclosed in the paragraph "Connected Transactions" and "Continuing Connected Transactions", no transaction, arrangement or contract of significance, to which the Company, its holding company, its controlling shareholders, fellow subsidiaries or subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of the Group's business subsisted during the financial year under review.

CONTRACTS OF SIGNIFICANCE

During the year under review, save as disclosed in the paragraph headed "Continuing Connected Transactions" in this annual report, there had been no contract of significance between the Company or any of its subsidiaries and a controlling shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2024, the aggregate sales attributable to the five largest customers of the Group accounted for less than 30% of the Group's total sales in the year.

During the year ended 31 December 2024, the aggregate purchases attributable to the five largest suppliers of the Group accounted for less than 30% of the Group's total purchases.

None of the Directors, their close associates or any shareholders (which to the knowledge of the Director owned more than 5% of the Company's issued share capital) had any interests in the Group's five largest customers or suppliers.

CONNECTED TRANSACTIONS

On 2 January 2024, 成都市福泰年企業管理有限公司 (Chengdu Futainian Enterprise Management Co., Ltd.*) (the "Vendor"), a wholly-owned subsidiary of Fantasia Holdings, entered into an agreement with, among others, 深圳市彩生活網路有限公司 (Shenzhen Colour Life Network Co., Ltd.*) (the "Purchaser"), a wholly-owned subsidiary of the Company, under which the Vendor agreed to transfer 100% interest in 四川三陽紅實業有限公司(Sichuan Sanyanghong Industrial Co., Ltd.*) (the "Target Company"), together with account receivable from the subsidiary of the Target Company of RMB3,999,999, to the Purchaser at the aggregated consideration of RMB3,400,000. Upon completion of the transaction, the Target Company is held as to 100% interest by the Company. Since Fantasia Holdings is the controlling shareholder and a connected person of the Company, the above transaction constituted a connected transaction for the Company subject to the reporting and announcement requirements and exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. For details, please refer to the Company's announcement dated 2 January 2024 and 8 April 2024.

CONTINUING CONNECTED TRANSACTIONS

The Company has entered into the following continuing connected transactions during the year ended 31 December 2024. Details of the transactions are set out in note 45 to the consolidated financial statements and below:

1. **Provision of Engineering Services by Shenzhen Kaiyuan Tongji Building Technology Co., Ltd. ("Shenzhen Kaiyuan Tongji") to the Fantasia Group**

   On 29 December 2023, Shenzhen Kaiyuan Tongji, an indirect wholly-owned subsidiary of the Company, entered into an engineering services framework agreement (the "2023 Engineering Services Agreement") with Shenzhen Fantasia Real-estate Group Ltd. ("Shenzhen Fantasia"), an indirect wholly-owned subsidiary of Fantasia Holdings, pursuant to which the Group agreed to provide engineering services including the installation and fitting of power systems, energy-saving lights and other related services to properties of Shenzhen Fantasia (the "Engineering Services") to Fantasia Holdings and its subsidiaries (the "Fantasia Group") on terms no more favourable to the Fantasia Group than those offered to independent third parties for comparable services for a term of three years commencing from 1 January 2023 to 31 December 2025 and subject to the annual caps of not exceeding RMB7 million, RMB8.6 million and RMB8.6 million for each of the years 2023, 2024 and 2025 respectively.

Shenzhen Fantasia is an indirect wholly-owned subsidiary of Fantasia Holdings, the controlling shareholder of the Company, and is therefore a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the 2014 Engineering Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the 2023 Engineering Services Agreement are set out in the Company's announcement dated 29 December 2023.

For the year ended 31 December 2024, the provision of the Engineering Services amounted to RMB1.5 million (31 December 2023: RMB6.2 million), which was within the annual cap of RMB8.6 million (31 December 2023: RMB7.0 million) for the same period.

2. Provision of Pre-delivery Property Management Services by Shenzhen Colour Life Property Management Co., Ltd. ("Shenzhen Colour Life Property Management") to the Fantasia Group

On 29 December 2023, Shenzhen Fantasia and Shenzhen Colour Life Property Management entered into a pre-delivery property management services framework agreement (the "2023 Pre-delivery Property Management Services Agreement"), pursuant to which Shenzhen Colour Life Property Management agreed to provide pre-delivery property management services to the Fantasia Group including (a) the provision of onsite security, cleaning and other related services to the newly developed projects of Shenzhen Fantasia, as well as the provision of customer services to the property sales centre of the Fantasia Group, including concierge services, customer car parking management services at the pre-sale stage of the projects, and (b) the provision of operation and management services during the pre-delivery stage for the unsold portion of the developments of the Fantasia Group (the "Pre-delivery Property Management Services") on terms no more favourable to the Fantasia Group than those offered to independent third parties for comparable services for a term of three years commencing from 1 January 2023 to 31 December 2025 and subject to the annual caps of not exceeding RMB10.0 million, RMB12.0 million and RMB12.0 million for each of the years ending 31 December 2023, 2024 and 2025 respectively.

Shenzhen Fantasia is an indirect wholly-owned subsidiary of Fantasia Holdings, the controlling shareholder of the Company, and is therefore a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the 2023 Pre-delivery Property Management Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the 2023 Pre-delivery Property Management Services Agreement are set out in the Company's announcement dated 29 December 2023.

For the year ended 31 December 2024, the amounts paid/payable to the Group for the provision of Pre-delivery Property Management Services amounted to RMB2.4 million (31 December 2023: RMB3.0 million), which was within the annual cap of RMB12.0 million (31 December 2023: RMB10 million) for the same period.

3. Structured Contracts

Pursuant to the Catalogue of Industries for Guiding Foreign Investment (2011 version) (《外商投資產業指導目錄》(2011年修訂)), value-added telecommunications service is subject to foreign investment restriction in which a foreign investor shall hold no more than 50% equity interest in a value-added telecommunications services provider in the PRC. Internet content provision services, or ICP services, belong to a subcategory of value-added telecommunications services. The Company's PRC legal advisor (the "Legal Advisor") has advised that the community leasing, sales and other services provided by Shenzhen Colour Life Network Service through the Company's website constitute value-added telecommunications services. According to the Administrative Rules for Foreign Investment in Telecommunications Enterprises (《外商投資電信企業管理規定》), foreign investors shall contribute no more than 50% of the registered capital of a value-added telecommunications services provider and any such foreign investor shall maintain a good track record and possess relevant operational experience in the value-added telecommunication services industry (the "Qualification Requirement").

Based on consultations with the relevant personnel responsible for the approval of value-added telecommunications services at MIIT and the Guangdong Communications Administration Bureau (廣東省通信管理局), the Legal Advisor has advised that in order to demonstrate that it has satisfied the Qualification Requirement, a foreign investor shall provide the competent PRC authority with its telecommunications services business operating license issued by the relevant authority at its place of registration (equivalent of the ICP License issued by the Ministry of Industry and Information Technology of the PRC (the "MIIT") and its financial reports of the most recent three years. However, the MIIT did not specify during the Legal Advisor's consultations what would constitute "a good track record" and "relevant operational experience" and there are no specific written guidelines in this regard or in respect of whether and what type of documentation is required to establish the requisite credentials in cases where there is no telecommunications service business licensing regime in the jurisdiction or country in which the foreign investor provides the relevant telecommunication services.

As for the legality of the contractual arrangements, the Legal Advisor to the Company on PRC law, after taking reasonable actions and steps to reach its legal conclusions including consulting the MIIT where the representative stated that there is no regulation enforceable or promulgated by the MIIT which prohibits or restricts the operation of value-added telecommunication businesses by foreign investors through contractual arrangements such as the Structured Contracts, are of the view that each of the Structured Contracts individually and collectively do not violate any of the applicable PRC laws and regulations. Legal Advisor is also of the view that the MIIT is the competent regulatory authority to give such assurance and interpret the Structured Contracts.

Based on the above-mentioned restriction under the relevant laws and regulations of the PRC, the Group is not entitled to acquire the equity interest in Shenzhen Caizhiyun Network Technology Co., Ltd. ("Shenzhen Caizhiyun Network"). To enable the Group to continue to manage and operate the online business of Shenzhen Caizhiyun Network and be entitled to all the economic benefits generated from such online business of Shenzhen Caizhiyun Network, Shenzhen Colour Life Network Service, Shenzhen Caizhiyun Network, Mr. Pan Jun ("Mr. Pan") and Mr. Tang Xuebin entered into the exclusive management and operation agreement, the call option agreement, the shareholders' rights entrustment agreement, the equity pledge agreement and the power of attorney (collectively the "Structured Contracts") on 16 June 2014 such that the Group are entitled to all the economic benefits generated from online community leasing, sales and other services business of Shenzhen Caizhiyun Network (the "Contractual Arrangement"). The Structured Contracts have an initial term of 10 years which is renewable for a successive term of 10 years. On 31 December 2021, Mr. Tang Xuebin, a former shareholder of Shenzhen Caizhiyun Network, transferred his 30% equity interests in Shenzhen Caizhiyun Network to Mr. Wu Chao ("Mr. Wu") and completed the industrial and commercial change registration procedures. On 16 July 2023, upon signing the framework agreement, the validity period has extended to 15 July 2033 accordingly. The Company is exploring various opportunities in building up our community leasing, sales and other services business operations overseas for the purposes of being qualified as early as possible, to acquire the entire equity interest of Shenzhen Caizhiyun Network if and when the restrictions under the relevant PRC law on foreign ownership in value-added telecommunication enterprises are lifted. For details of the Structured Contracts, please refer to the section headed "History, Reorganization and the Group Structure — The Structured Contracts" in the Company's prospectus dated 17 June 2014.

REPORT OF DIRECTORS

Upon signing of the Structured Contracts, Shenzhen Caizhiyun Network was treated as a wholly-owned subsidiary of the Company and the accounts of which are consolidated with those of the Company. Given the registered capital of Shenzhen Caizhiyun Network is held as to 70% by Mr. Pan Jun, an executive director at the time of the signing of the Structured Contracts who resigned as a director of the Company on 11 September 2023, Mr. Pan Jun is therefore connected persons of the Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the Structured Contracts therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Save for the exclusive management and operation agreement which involves the payment of a service fee by Shenzhen Caizhiyun Network to Shenzhen Colour Life Network Service on an annual basis, each of the Structured Contracts does not involve payment of any consideration.

The Structured Contracts, taken as a whole, permit the results and financial operations of Shenzhen Caizhiyun Network to be consolidated in the Company, as if it was the Company's subsidiary resulting in all economic benefits of its business flowing to the Company. Through the appointment by Shenzhen Colour Life Network Service of all directors and senior management of Shenzhen Caizhiyun Network, the Directors believe that Shenzhen Colour Life Network Service is able to effectively supervise, manage and operate the business operations, expansion plans, financial policies and assets of Shenzhen Caizhiyun Network, and at the same time, ensure due implementation of the Structured Contracts. According to Hong Kong Financial Reporting Standards, a subsidiary is an entity that is controlled by another entity (known as the parent). An investor controls an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Although the Company does not directly or indirectly own Shenzhen Caizhiyun Network, the Structured Contracts enable the Company to exercise control over and receive economic benefits generated from the business operation of Shenzhen Caizhiyun Network and the validity and legality of the Structured Contracts have been confirmed by the Company's PRC legal advisor. The Group derives economic benefits from the online community leasing, sales and other services provided by Shenzhen Caizhiyun Network through the website and mobile applications to the residents in the residential communities that the Group manages or provides consultancy services to. Under such circumstances, the Directors are of the view that it is fair and reasonable for Shenzhen Colour Life Network Service to be entitled to all the economic benefits generated from Shenzhen Caizhiyun Network. The Structured Contracts also permit Shenzhen Colour Life Network Service to exclusively acquire all or part of the equity interest in Shenzhen Caizhiyun Network, if and when permitted by PRC laws and regulations. Notwithstanding the Group's lack of equity ownership in Shenzhen Caizhiyun Network, the Group is able to control the business and financial position of Shenzhen Caizhiyun Network in substance through the Structured Contracts. As a result of the Structured Contracts, Shenzhen Caizhiyun Network is accounted for as the Company's subsidiary, and its financial position and operating results are consolidated in the Company's consolidated financial statements. The revenue and total asset value subject to the Contractual Arrangements amounted to approximately RMB1.8 million for the year ended 31 December 2024 and approximately RMB1.8 million as of 31 December 2024, respectively.

Pursuant to the Structured Contracts, any dispute arising from the interpretation and performance of the Structured Contracts between the parties thereto should first be resolved through negotiation, failing which any party may submit the said dispute to the South China International Economic and Trade Arbitration Commission with a view to resolving the dispute through arbitration in accordance with the arbitration rules thereof.

The Company had applied and the Stock Exchange had granted a waiver that the Structured Contracts are exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Pan Jun may potentially have a conflict of interest with the Group . Mr. Pan has undertaken to Shenzhen Colour Life Network Service that during the period when the Contractual Arrangement remains effective, (i) unless otherwise agreed to by Shenzhen Colour Life Network Service in writing, the relevant shareholder would not, directly or indirectly (either on his own account or through any natural person or legal entity) participate, or be interested, or engage in, acquire or hold (in each case whether as a shareholder, partner, agent, employee or otherwise) any business which is or may potentially be in competition with the businesses of Shenzhen Caizhiyun Network or any of its affiliates; and (ii) any of his actions or omissions would not lead to any conflict of interest between him and Shenzhen Colour Life Network Service (including but not limited to its shareholders). Furthermore, in the event of the occurrence of a conflict of interests (where Shenzhen Colour Life Network Service has the sole absolute discretion to determine whether such conflict arises), he agrees to take any appropriate actions as instructed by Shenzhen Colour Life Network Service.

Furthermore, the Group conducts its business operation in the PRC through Shenzhen Caizhiyun Network by way of Contractual Arrangements, but certain of the terms of the Contractual Arrangements may not be enforceable under the PRC laws. As advised by the Company's PRC legal advisers, the Contractual Arrangements were narrowly tailored to minimize the potential conflict with relevant PRC laws and regulations.

To ensure proper implementation of the Structured Contracts, the Company also takes the following measures:

(a) as part of the internal control measures, major issues arising from implementation and performance of the Structured Contracts was reviewed by the Board on a regular basis which was no less frequent than on a quarterly basis;

(b) matters relating to compliance and regulatory enquiries from governmental authorities (if any) was discussed at such regular meetings which was no less frequent than on a quarterly basis;

(c) the relevant business units and operation divisions of the Group reported regularly, which was no less frequent than on a monthly basis, to the senior management of the Company on the compliance and performance conditions under the Structured Contracts and other related matters;

(d) the compliance department of the Company monitors the proper implementation and Mr. Pan's and Mr. Wu's compliance with the Structured Contracts; and

(e) also, pursuant to the exclusive management and operation agreement, the bank accounts of Shenzhen Caizhiyun Network were operated through its company seal and the personal seal of a director nominated by Shenzhen Colour Life Network Service. The company seal is currently kept by the President's Office.

The Board confirmed that there is no material change in the Contractual Arrangements and/or the circumstances under which they were adopted, and its impact on the Group. The Board also confirmed that there is no unwinding of Structured Contracts or failure to unwind when the restrictions that led to the adopted of Structured Contracts are removed.

REPORT OF DIRECTORS

The independent non-executive Directors of the Company, namely Mr. Lee Yan Fai, Mr. Zhang Raymond Yue and Ms. Yu Shan, have reviewed the Structured Contracts and confirmed that (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Structured Contracts so that the revenue generated by Shenzhen Caizhiyun Network and its subsidiaries have been mainly retained by the Group; (ii) no dividends or other distributions have been made by Shenzhen Caizhiyun Network to its shareholders; and (iii) any new Structured Contracts entered into, renewed or reproduced between Shenzhen Caizhiyun Network and the Group during the year are fair and reasonable, or advantageous, so far as the Company are concerned and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors of the Company have discussed with the senior management of the Company on the agreements of the abovementioned continuing connected transactions and reviewed these continuing connected transactions and confirmed that the continuing connected transactions abovementioned have been entered into:

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

(ii) on normal commercial terms or better; and

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

For the purpose of Rule 14A.56 of the Listing Rules, Prism Hong Kong Limited, the auditor of the Company, has provided a letter to the Board, confirming that nothing has come to their attention that causes them to believe the continuing connected transactions abovementioned:

(i) have not been approved by the Board;

(ii) are not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve provision of goods and services by the Group;

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

(iv) have exceeded the annual caps.

OTHERS

The continuing connected transactions disclosed above also constitutes related party transaction under the International Financial Reporting Standards. A summary of significant related party transactions made during the year was disclosed in note 45 to the consolidated financial statements. Save for item (c) therein which also constitutes connected/continuing connected transactions as defined in Chapter 14A of the Listing Rules, other related party transactions do not constitute connected transactions as defined in Chapter 14A of the Listing Rules.

The Board confirms that the Company has complied with the disclosure requirements as required by the Listing Rules in relation to the aforementioned connected transactions or continuing connected transactions.

NON-COMPETITION DEED

On 11 June 2014, Fantasia Holdings executed in favour of the Company, a deed of non-competition (the "Existing Deed of Non-competition") pursuant to which Fantasia Holdings undertakes, among others, that during the period commencing from 30 June 2014 and until the earlier of (i) the date on which the Company's shares cease to be listed on the SEHK; or (ii) the date on which Fantasia Holdings cease to hold, whether directly or indirectly, 30% or more of the Company's shares:

(i) Fantasia Group will not engage in any business involving the following activities:

- property management focusing on residential communities;
- engineering services primarily including (i) equipment installation services, (ii) repair and maintenance services and (iii) automation and other equipment upgrade services through the Company's equipment leasing; or
- community leasing, sales and other services targeting residents residing at and property owners of the residential communities primarily including (i) common area rental assistance, (ii) purchase assistance and (iii) residential and retail units rental and sales assistance.

(ii) in relation to the residential communities developed by Fantasia Group, Fantasia Group will not participate in the property management of such properties but will select property management companies through a tendering process in which the Group will be invited to participate; and

(iii) if Fantasia Group has identified or is offered any project or new business opportunities to engage in or acquire a company engaging in property management for residential communities, it shall provide the Company (subject to such confidentiality requirements as may be applicable) all information and documents possessed by it in respect of such project or new business opportunity in relation to property management of residential communities to enable the Company to evaluate the merits of the same.

Over five years have passed since the Company and Fantasia Holdings entered into the Existing Non-Competition Deed, during which time the Group has specialised in the property management of residential communities, whereas the Fantasia Group has continued to operate as a property developer involving property management primarily for pure commercial properties.

During such period, the landscape of the PRC property management market has evolved rapidly, thus affecting the applicability and practicability of the Existing Non-Competition Deed which is archaic in nature. Many property projects in the PRC, in particular those of larger scale, have evolved from purely residential or commercial uses with limited ancillary support to integrated mixed-use properties. Such integrated mixed-use properties, being largescale complexes or areas which normally encompass several different types of properties such as residential properties, office buildings, shopping malls, leisure facilities, SOHO and serviced apartments, may also include government and public facilities such as schools, hospitals, banks and public transportation terminals. Such integrated mixed-use properties are vastly different in nature and purpose than the residential communities which were described as "mixed-use properties" as original envisaged when the Existing Non-Competition Deed was entered into. The Directors consider that the Existing Non-Competition Deed is no longer able to cover the ever-evolving trend of the property development industry in the PRC and the resulting property management services rendered.

To cope with the ever-intensive competition in the property management industry and to seize the ever-changing opportunities, the Company and Fantasia Holdings consider it desirable to amend the Existing Non-Competition Deed to cater for existing business and industry trends.

On 1 April 2020, Fantasia Holdings and the Company agreed to amend the Existing Non-Competition Deed and entered into an amended deed (the "Amended Non-Competition Deed"). Pursuant to the Amended Non-Competition Deed, the scope of the Existing Non-Competition Deed has been amended to include the following additional business which the Fantasia Group has undertaken not to be involved in:

- property management focusing on integrated mixed-use properties which contain residential components including but not limited to those properties developed by the Fantasia Group, save and except for those integrated mixed-use projects that are already under the management of the Fantasia Group on the date of the Amended Non-Competition Deed.

Furthermore, certain carve-outs in respect of residential communities and integrated mixed-use projects under the management of the Fantasia Group have been added.

The Amended Non-Competition Deed was approved at the extraordinary general meeting of the Company held on 24 April 2020 by the independent shareholder of the Company.

To ensure compliance of the Amended Non-Competition Deed, the Company will continue with the corporate governance measures which have been in place since its listing. In addition, additional internal control measures will be adopted by the Company and Fantasia Holdings to ensure the requirements and restrictions as set out in the Amended Non-Competition Deed are strictly adhered to. Further details about the corporate governance measures are disclosed in the circular of the Company dated 3 April 2020.

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

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those have significant impact on the Group, such as the Listing Rules and the Revised Hong Kong Financial Reporting Standards. The audit committee of the Company is delegated by the Board to monitor the Group's policies and practices on compliance with legal and regulatory requirements and such policies are regularly reviewed. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time. As far as the Company is aware, it has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company.

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

Save as disclosed, during the year ended 31 December 2024, none of the Directors or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or have any other conflict of interests with the Group.

EMOLUMENT POLICY

The Group's emolument policy is designed to attract, retain and motivate talented individuals to contribute to the success of the business. The emolument policy of the employees of the Group is formulated and reviewed by the remuneration committee of the Company ("Remuneration Committee") on the basis of their merit, qualifications and competence.

The emoluments of the Directors are proposed by the Remuneration Committee to the Board, having regards to the Group's operating results, individual performance and comparable market statistics.

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") under rules and regulations of MPF Schemes Ordinance for all its employees in Hong Kong. All the employees of the Group in Hong Kong are required to join the MPF Scheme. Contributions are made based on a percentage of the employees' salaries and are charged to consolidated income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. No forfeited contribution is available to reduce the contribution payable in the future years as of 31 December 2024.

Total staff cost of RMB643 million was charged to the consolidated statement profit or loss and other comprehensive income, representing RMB5 million for the Directors' remuneration and RMB638 million for other staff's salaries and allowance.

The Group's subsidiaries in the PRC, in compliance with the applicable regulations of the PRC, participated in a state–managed retirement benefits scheme operated by the local government. The subsidiaries are required to contribute a specific percentage of their payroll costs to the retirement benefits schemes. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions. During the year under review, the total amounts contributed by the Group to the schemes and costs charged to the consolidated income statement represent contribution payable to the schemes by the Group at rates specified in the rules of the schemes.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association, or the applicable laws of the Cayman Islands where the Company is incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CORPORATE GOVERNANCE

The Directors recognise the importance of good corporate governance in the management of the Group. The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Listing Rules.

The key corporate governance practices adopted by the Company are set out in the Corporate Governance Report in this annual report.

REPORT OF DIRECTORS

DIVIDEND POLICY

The Company has approved and adopted a dividend policy (the “Dividend Policy”).

According to the Dividend Policy, the Company intends to declare dividends to shareholders every year and may declare special dividends from time to time. In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account the Group’s distributable profits generated during the year, the financial situation, the liquidity of cash flow, the investment needs and the retained profits for future development. While sharing the profit with shareholders, the Company shall also maintain sufficient reserves to ensure the implementation of the Group’s strategy for development. The payment of dividend is also subject to any restrictions under the laws of Cayman Islands, the laws of Hong Kong and the articles of association of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of its Directors, the Company has maintained sufficient public float as required under the Listing Rules throughout the year ended 31 December 2024 and up to the latest practicable date prior to the issue of this annual report.

PERMITTED INDEMNITY PROVISION

Pursuant to Article 164. (1) of the Company’s existing Articles of Association, the directors, secretary and other officers and every auditor of the Company at any time, whether at present or in the past, and the liquidator or trustees (if any) acting or who have acted in relation to any of the affairs of the Company and everyone of them, and everyone of their heirs, executors and administrators, shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons.

The Company has taken out and maintained directors’ and officers’ liability insurance throughout the year, which provides appropriate cover for the directors and officers of the Company.

AUDITOR

Deloitte Touche Tohmatsu resigned as auditor of the Company with effect from 13 July 2022.

With effect from 28 July 2022, Prism Hong Kong Limited (formerly known as Prism Hong Kong and Shanghai Limited) has been appointed as the new auditor of the Company.

The consolidated financial statements for the year ended 31 December 2024 have been audited by Prism Hong Kong Limited. A resolution for the re-appointment of Prism Hong Kong Limited as the Company's auditor will be proposed at the forthcoming AGM of the Company.

Save as disclosed above, there has been no other change of auditors for the preceding three years.

On behalf of the Board
Mr. Zhu Jindong
Chairman

Hong Kong, 28 March 2025

CORPORATE
GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance with a view to assuring the conduct of the management of the Company as well as protecting the interests of all shareholders. The Company has always recognised the importance of the shareholders' transparency and accountability. It is the belief of the Board that shareholders can maximise their benefits from good corporate governance. The Company has adopted the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Listing Rules.

The Company has complied with all code provisions set out in the CG Code for the year ended 31 December 2024.

The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

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

No incident of non-compliance of the Securities Dealing Code by the employees was noted by the Company.

BOARD OF DIRECTORS

The Board of the Company during the year and up to the date of this report was/is:

Executive Directors:
Mr. Liu Hongcai
Ms. Yang Lan

Non-executive Directors:
Mr. Zhu Jindong
Mr. Timothy David Gildner
Mr. Chen Wenjian

Independent non-executive Directors:
Mr. Lee Yan Fai
Mr. Zhang Raymond Yue
Ms. Yu Shan *(appointed on 15 March 2024)*

The biographical information of the directors are set out in the section headed "Biographies of Directors and Senior Management" on pages 29 to 33 of this annual report. The Board members have no financial, business, family or other material/relevant relationships with each other.

Independent Non-executive Directors

Mr. Xu Xinmin resigned as an independent non-executive director of the Company with effect from 19 December 2023. Since his resignation, the Company has not complied with Rules 3.10, 3.10A, 3.21 and 3.27A of the Listing Rules. Upon the appointment of Ms. Yu as an independent non-executive director with effect from 15 March 2024, the Board consists of eight directors, including two executive directors, three non-executive directors and three independent non-executive directors. Independent non-executive directors account for more than one-third of the Board, and the Company has recomplied with Rules 3.10, 3.10A, 3.21 and 3.27A of the Listing Rules.

The independent non-executive Directors possess the respective professional qualifications and related management experience in the areas of financial accounting, business strategies and property management and have contributed to the Board with their professional opinions.

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

Ms. Yu was appointed as an independent non-executive director with effect from 15 March 2024. She obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 15 March 2024 and confirmed that she understood her obligations as a director of a listed issuer.

Mechanism(s) to ensure independent views and recommendations are available to the board

The Board has established mechanisms, which mainly include (i) all Directors are encouraged to express freely their independent views and constructive challenges during the Board/Board Committee meetings; (ii) external independent professional advice is available as and when required by individual Directors; and (iii) the chairman of the Board meets with the independent non-executive Directors annually without the presence of the executive Directors and the non-executive Directors. The Company has mechanisms in place to ensure independent views and input from any director of the Company are conveyed to the Board for enhancing an objective and effective decision making. The mechanisms are under review by the Board from time to time to ensure their continuous effectiveness. For the year ended 31 December 2024, the Board has reviewed the implementation of the mechanisms and confirmed that it was still effective.

Directors' Re-election

Code provision B.2.2 of the CG Code stipulates that all Non-executive Directors shall be appointed for a specific term, subject to re-election.

Each of the Directors is engaged on a service agreement (for Executive Directors) or an appointment letter (for Non-executive Directors and Independent Non-executive Directors) for a term of three years.

In accordance with the Company's Articles of Association, all Directors are subject to retirement by rotation and re-election at annual general meeting at least once every three years and any director appointed by the Board to fill a casual vacancy or as an addition to the Board shall hold office until the first general meeting or the next following annual general meeting, as the case may be, of the Company after his appointment and be subject to re-election at such meeting.

CORPORATE GOVERNANCE REPORT

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. Directors of the Board take decisions objectively in the interests of the Company.

All Directors, including Non-executive Directors and Independent Non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

All Directors have full and timely access to all the information of the Company. The directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each director to perform his responsibilities to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

Continuous Professional Development of Directors

Directors keep abreast of responsibilities as a director of the Company and of the conduct, business activities and development of the Company.

Every newly appointed director will receive formal, comprehensive and tailored induction on the first occasion of his appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally facilitated briefings for directors will be arranged.

The Company had from time to time provided relevant reading materials including the amendments to or updates on the relevant laws, rules and regulations to all directors for their reference and studying.

During the year under review, the Company held 4 board meetings and 1 general meeting, the attendance of each director are set out in "Attendance at Board Meetings, Board Committee Meetings and General Meetings" below.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the websites of the Company and of the Stock Exchange and are available to shareholders upon request.

All members of the Audit Committee and the majority of the members of the Remuneration Committee and Nomination Committee are independent non-executive Directors.

Audit Committee

The Audit Committee currently consists of all the three Independent Non-executive Directors, namely, Mr. Lee Yan Fai (chairman of audit committee), Mr. Zhang Raymond Yue and Ms. Yu Shan. None of the committee members is a former partner of the Company's existing external auditors.

The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, internal control and risk management systems, making recommendations to the Board on the appointment and dismissal of the external auditors, and reviewing arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company. The Audit Committee is also responsible for performing the Company's corporate governance functions set out in the code provision D.3.1 of the CG Code.

The Audit Committee held 2 meetings during the year ended 31 December 2024. The Audit Committee recommended the appointment of external auditors for the Company and reviewed the following including:

(a) the Company's policies and practices on corporate governance;

(b) training and continuous professional development of the Directors and senior management;

(c) the Company's policies and practices on compliance with legal and regulatory requirements;

(d) the compliance of the Model Code and the Securities Dealing Code; and

(e) the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

Remuneration Committee

The Remuneration Committee currently consists of three Independent Non-executive Directors, namely, Mr. Zhang Raymond Yue (chairman), Mr. Lee Yan Fai and Ms. Yu Shan.

The primary functions of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration, making recommendations to the Board on the remuneration packages of individual executive Directors and senior management and ensuring that no director or any of his associates is involved in deciding his own remuneration.

The Remuneration Committee held 1 meetings during the year ended 31 December 2024. During the meeting, the Remuneration Committee reviewed, and recommended to the Board on the remuneration package of the Directors and senior management. The emolument policy of the Group are set out in the section headed "Emolument Policy" in the Report of Directors.

CORPORATE GOVERNANCE REPORT

Nomination Committee

The Nomination Committee currently consists one Non-executive Director, namely, Mr. Zhu Jindong (chairman); and two Independent Non-executive Directors, namely Mr. Zhang Raymond Yue and Ms. Yu Shan.

The Nomination Committee shall perform the following duties:

(a) ensure that the Board and its committees consist of directors with the appropriate balance of skills, diversity and knowledge of the Company to enable it to discharge its duties effectively;

(b) assist the Board in succession planning for the Board and senior management;

(c) review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(d) draw up, review and update, as appropriate, the diversity policy for the Board's approval having due regard to the requirements of the Listing Rules, review and update the objectives that the Board has set for implementing such policy;

(e) develop, review and implement, as appropriate, the policy, criteria and procedures for the identification, selection and nomination of candidates for Directors for the Board's approval. Such criteria include but are not limited to the potential contributions a candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;

(f) identify individuals who are suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

(g) assess the independence of independent non-executive Directors to determine their eligibility;

(h) make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors and senior management, in particular the chairman and the chief executive officer, taking into account all factors which the Nomination Committee considers appropriate including the challenges and opportunities facing the Group and skills and expertise required in the future and ensure that senior management succession planning is discussed at the Board at least once annually;

(i) keep under review the leadership needs and leadership training and development programmes of the Group, with a view to ensuring the continued ability of the Group to function effectively and compete in the market;

(j) evaluate the needs for, and monitor the training and development of, directors;

(k) develop the procedures for the performance evaluation of the Board committees:

    (i) review and assess the skills, knowledge and experience required to serve on various Board committees, and make recommendations on the appointment of members of Board committees and the chairman of each committee;

(ii) recommend candidates to the Board to fill vacancies or new positions on the Board committees as necessary or desirable;

(iii) review the feedback in respect of the role and effectiveness of the Board committees arising from the evaluation of the Board and/or any Board committees and make recommendations for any changes;

(l) develop the criteria for identifying and assessing the qualifications of and evaluating candidates for directorship, including but not limited to evaluating the balance of skills, knowledge and experience on the Board, and in the light of this evaluation prepared a description of the role and capabilities required for a particular appointment;

(m) keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;

(n) ensure that on appointment to the Board, non-executive Directors receive a formal letter of appointment setting out clearly the expectations of them in terms of time commitment, committee service and involvement outside Board meetings;

(o) review and assess the adequacy of the corporate governance guidelines of the Company and to recommend any proposed changes to the Board for approval;

(p) do any such things to enable the Nomination Committee to discharge its powers and functions conferred on it by the Board; and

(q) conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the Company's constitution or imposed by legislation.

The principal duties of the Nomination Committee include reviewing the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board, developing and formulating relevant procedures for the nomination and appointment of directors, making recommendations to the Board on the appointment and succession planning of directors in particular the chairman and the chief executive, and assessing the independence of independent non-executive Directors.

The Nomination Committee held 1 meeting during the year ended 31 December 2024. During the meeting, the Nomination Committee assessed the independence of the independent non-executive Directors and the Directors to be re-elected at the 2020 annual general meeting of the Company before putting forth for discussion and approval by the Board, reviewed the Board Diversity Policy and the measurable objectives, and also reviewed the structure, size and composition of the Board.

Summary of the Board Diversity Policy

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

Measurable Objectives

Selection of candidates for Board membership will be based on a range of diversity perspectives, including but not limited to age, experience, cultural and educational background, expertise, skills and know-how.

Monitoring and Reporting

The Nomination Committee will review, as appropriate, to ensure the effectiveness of the Board Diversity Policy and monitor the implementation of this policy.

The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval. The Nomination Committee considers that the current Board composition has provided the Company with a good balance and diversity of skill and experience appropriate for the business of the Company.

Based on the above criteria, members of the Nomination Committee have also reviewed the composition of the Board which is determined by directors' skills and experience appropriate to the Company's business, the Nomination Committee confirmed that the existing Board was appropriately structured and no change was required. Currently the Board had two female directors out of eight directors.

As at 31 December, 2024, the Group had a total of 10,191 employees, of which 4,413 were female employees and 5,778 were male employees, accounting for 43% and 57% of the total employees (including senior management), respectively. The Group targets to further improve the current level of female representation over time.

ATTENDANCE AT BOARD MEETINGS, BOARD COMMITTEE MEETINGS AND GENERAL MEETINGS

The attendance records of each Director at the meetings of the Board and Board Committees and the annual general meetings of the Company held during the year ended 31 December 2024 is set out in the table below:

	Attendance/Number of Meetings During Tenure of Office				
Name of Directors	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**General Meeting**
Executive Directors:					
Mr. Liu Hongcai	4/4	2/2	1/1	1/1	1/1
Ms. Yang Lan	4/4	2/2	1/1	1/1	1/1
Non-executive Directors:					
Mr. Zhu Jindong	4/4	2/2	1/1	1/1	1/1
Mr. Timothy David Gildner	4/4	2/2	1/1	1/1	1/1
Mr. Chen Wenjian	4/4	2/2	1/1	1/1	1/1
Independent non-executive Directors:					
Mr. Lee Yan Fai	4/4	2/2	1/1	1/1	1/1
Mr. Zhang Raymond Yue	4/4	2/2	1/1	1/1	1/1
Ms. Yu Shan *(appointed on 15 March 2024)*	4/4	2/2	1/1	1/1	1/1

The Chairman also held meeting with the Non-executive Directors (including Independent Non-executive Directors) without the presence of Executive Directors during the year ended 31 December 2024.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2024.

The independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on page 68 of this annual report.

AUDITORS' REMUNERATION

During the year ended 31 December 2024, the remunerations paid or payable to the auditor of the Group, Prism Hong Kong Limited, in respect of its audit services and non-audit services were RMB4.8 million and RMB1.2 million, respectively. Non-audit services comprises the interim review of financial results for the year ended 31 December 2024.

INTERNAL CONTROLS

The Board is responsible for maintaining an adequate internal control system to safeguard the interest of the Company and its shareholders and through the Audit Committee, reviewing the effectiveness of such system on an annual basis. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. During the year under review, the Audit Committee reviewed and discussed with the Group's internal audit team and the senior management on the adequacy and effectiveness of the Company's internal control systems including financial, operational and compliance controls and risk management; and considered the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function. The Audit Committee further made recommendations to the Board to ensure reliability of financial reporting and compliance with applicable statutory accounting and reporting requirements, legal and regulatory requirements, internal rules and procedures approved by the Board, to identify and manage potential risks of the Group. Besides, the Audit Committee and the Board will also perform regular review on the Group's performance and internal control system in order to ensure effective measures are in place to protect material assets and identify business risks of the Group.

In respect of the year ended 31 December 2024, the Board considered the internal control and risk management systems effective and adequate. No significant areas of concern that might affect shareholders were identified during the year ended 31 December 2024.

COMPANY SECRETARY

For the year ended 31 December 2024, in compliance with Rule 3.28 of Listing Rules, the Company's company secretary is a full-time employee of the Company and familiar with the ordinary affairs of the Company. The company secretary is responsible for giving advice to the Board on corporate governance matters in order to assist the Group to cope with the changing regulatory environment and to suit different commercial needs.

For the year ended 31 December 2024, the Company's company secretary has complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of relevant professional training.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

To safeguard shareholder interests and rights, a separate resolution is proposed for each substantially separate 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 of the Stock Exchange after each general meeting.

Convening an Extraordinary General Meeting by Shareholders

Pursuant to Article 58 of the Articles of Association of the Company, any one or more shareholders 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 secretary of the Company, to require an extraordinary general meeting to be called by the Board 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 twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (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 shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Proposals at General Meetings

There are no provisions in the Company's Articles of Association or the Cayman Islands Companies Law for shareholders to move new resolutions at general meetings. Shareholders who wish to move a resolution may request the Company to convene a general meeting in accordance with the procedures set out in the preceding paragraph.

As regards proposing a person for election as a director of the Company, please refer to the "Procedures for Shareholders to Propose a Person for Election as a Director" which is posted on the Company's website.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following address:

21/F., CMA Building
64 Connaught Road Central
Central, Hong Kong
For the attention of the Board of Directors

Shareholders are encouraged to provide, amongst other things, in particular, their email addresses to the Company in order to facilitate timely and effective communication.

A dedicated Investor Relations section is available on the Company's website (www.colourlife.hk). Information on the Company's website are updated on a regular basis.

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. The Company recognises the importance of shareholders' privacy and will not disclose shareholders' information without their consent, unless required by law to do so.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on–going dialogue with shareholders and in particular, through financial reports, annual general meetings and other general meetings that may be convened, as well as all the disclosures available on the websites of the Stock Exchange and of the Company. At the annual general meeting, directors (or their delegates as appropriate) are available to meet shareholders and answer their enquiries.

The Company reviewed the shareholders' communication policy conducted during the year ended 31 December 2024 and considered that it is effective because the Board believes that the above shareholder communication policy is effective as direct two-way communication can be conducted between the Shareholders and the Company, and the Shareholders can make enquiries to the Board throughout the year. The Board will continue to review the effectiveness of the shareholder communication policy.

Constitutional Documents

During the year under review, there was no change in the Company's memorandum and articles of association. An up to date version of the Company's memorandum and articles of association is also available on the websites of the Company and of the Stock Exchange.

INDEPENDENT AUDITOR'S REPORT

Prism

TO THE MEMBERS OF COLOUR LIFE SERVICES GROUP CO., LIMITED
(incorporated in Cayman Island with limited liability)

OPINION

We have audited the consolidated financial statements of Colour Life Services Group Co., Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 77 to 176, 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, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill	
We identified the impairment assessment of goodwill arising on acquisition of businesses through acquisition of subsidiaries as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the significant degree of estimations made by the management of the Group associated with the recoverable amount of the cash-generating units to which goodwill have been allocated. As disclosed in note 4 to the consolidated financial statements, the management assessed the impairment of goodwill by estimation of recoverable amount of the cash generating units to which goodwill have been allocated which is the higher of the value-in-use ("VIU") and fair value less costs of disposal. The VIU calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit based on five-year financial budgets approved by the management of the Group and a suitable discount rate. The Group engages an independent valuer ("Valuer") to assist the estimation. The valuation team of the Group works closely with the Valuer to establish the appropriate estimation model and inputs to the model. Key estimates involved in the preparation of cash flow projections for the period covered by the approved financial budgets include the growth rates in revenue, estimated gross profit, estimated profit before tax and discount rates. As disclosed in note 21 to the consolidated financial statements, the carrying amounts of goodwill were RMB880,344,000 after net of the accumulated impairment loss of goodwill of RMB870,000 as at 31 December 2024 and no impairment loss was recognised by the management of the Group during the year ended 31 December 2024.	Our procedures in relation to the impairment assessment of goodwill included: • Discussing with the management to understand the key estimations made by the management in the impairment assessment of goodwill including the growth rates in revenue, estimated gross profit, estimated profit before tax and discount rates; • Evaluating the competency, capabilities and objectivity of the Valuer; • Evaluating the reasonableness of the growth rates in revenue, estimated gross profit and estimated profit before tax, with reference to the Group's historical financial performance and comparable listed companies; • Evaluating the appropriateness of discount rates applied in the forecast by comparing them to economic and industry data and comparable listed companies based on industry knowledge and independent research with the assistance of our external specialists; • Evaluating the competency, capabilities and objectivity of our external specialists; and • Evaluating the reasonableness of the financial budgets approved by the management by comparing the actual results of those cash-generating units to the previously forecasted results used in the impairment assessment of goodwill.

INDEPENDENT AUDITOR'S REPORT

Key audit matter	How our audit addressed the key audit matter
Recoverability of trade receivables	
We identified the recoverability of trade receivables as a key audit matter due to the significance of the balance to the consolidated financial statements, combined with the significant degree of estimations by the management of the Group, in evaluating the expected credit loss ("ECL") of trade receivables which may affect the carrying value of the Group's trade receivables at the end of the reporting period. As disclosed in note 4 to the consolidated financial statements, the management used provision matrix to calculate the ECL of trade receivables and the provision rates are based on internal credit ratings as groupings of various debtors by their aging, which are considered of similar loss patterns, and taken into consideration the historical default rates and the forward-looking information. As disclosed in note 24 to the consolidated financial statements, the carrying amount of trade receivables is RMB748,522,000 as at 31 December 2024, after net off the allowance for credit losses of RMB185,360,000 as at 31 December 2024, and the allowance for credit losses of RMB155,000 was recognised in profit or loss for the year ended 31 December 2024.	Our procedures in relation to assessing the recoverability of trade receivables included: • Obtaining an understanding on how the management assess the ECL of trade receivables by applying the ECL model; • Testing the integrity of information used by the management to develop the provision matrix, including the aging analysis, on a sample basis, to the source documents, including invoices and demand notes; and • Evaluating the appropriateness of the expected average loss rates applied by reference to the historical recovery rate, probability of default by its customers and forward-looking information.
Recoverability of other receivables	
We identified the recoverability of other receivables as a key audit matter due to the significance of the balance to the consolidated financial statements, combined with the significant degree of estimations by the management of the Group, in evaluating the ECL of payments on behalf of residents which may affect the carrying value of the Group's other receivables at the end of the reporting period. As disclosed in note 4 to the consolidated financial statements, the management used collective basis to calculate the ECL of other receivables and the provision rates are based on internal credit rating as groupings of various debtors that have similar loss patterns. The collective basis assessment is based on the Group's historical default rates taking into consideration forward-looking information. As disclosed in note 24 to the consolidated financial statements, the carrying amount of other receivables is RMB1,225,181,000 as at 31 December 2024, after net off the allowance for credit losses of RMB169,688,000 as at 31 December 2024, and the allowance for credit losses of RMB12,853,000 was recognised in profit or loss for the year ended 31 December 2024.	Our procedures in relation to assessing the recoverability of other receivables included: • Obtaining an understanding on how the management assess the ECL of other receivables by applying the ECL model; • Testing the integrity of the information used by management on a sample basis to the source documents and evaluated the appropriateness of the expected credit loss rates applied by reference to the historical payment records and financial conditions of the debtors for ECL calculated by internal credit rating; and • Evaluating the appropriateness of forward-looking information used by management by reference to available market information.

Key audit matter	How our audit addressed the key audit matter
Recoverability of payments on behalf of residents	
We identified the recoverability of payments on behalf of residents as a key audit matter due to the significance of the balance to the consolidated financial statements, combined with the significant degree of estimations by the management of the Group, in evaluating the ECL of payments on behalf of residents which may affect the carrying value of payments on behalf of residents at the end of the reporting period. As disclosed in note 4 to the consolidated financial statements, the management used collective basis to calculate the ECL of payments on behalf of residents and the provision rates are based on internal credit rating as groupings of various debtors that have similar loss patterns. The collective basis assessment is based on the Group's historical default rates taking into consideration forward-looking information. As disclosed in note 28 to the consolidated financial statements, the carrying amount of payments on behalf of residents is RMB820,684,000 as at 31 December 2024, after net off the allowance for credit losses of RMB406,934,000 as at 31 December 2024, and the allowance for credit losses of RMB329,000 was recognised in profit or loss for the year ended 31 December 2024.	Our procedures in relation to assessing the recoverability of payments on behalf of the residents included: • Obtaining an understanding on how the management assess the ECL of payments on behalf of residents by applying the ECL model; • Testing the integrity of information used by management to develop the collective basis assessment, including the internal credit rating and impairment indicators, including whether the property management agreements for the community were terminated or expected to be terminated, historical write-off experience, the financial performance of the property management offices of residential communities and expected future cash flows of the management offices of residential communities; • Checking to the notices of termination of the management service received by the Group, on a sample basis, and confirming with the management whether the management service for certain communities was terminated or about to be terminated for those communities; • Evaluating the financial performance of the property management offices which are the representatives of the residents of the communities, by checking, on a sample basis, to the latest management accounts of relevant property management offices of residential communities to assess whether the management fee received from the residents can cover the various expenses paid by the Group on behalf of those property management offices; and • Evaluating the appropriateness of the expected average loss rates applied by reference to the historical recovery rate, probability of default by its customers and forward-looking information.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of 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 HKFRS Accounting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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.

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.

INDEPENDENT AUDITOR'S REPORT

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

The engagement partner on the audit resulting in the independent auditor's report is Yip Chi Chiu.

Prism Hong Kong Limited
Certified Public Accountants
Yip Chi Chiu
Practising Certificate Number: P06934
Hong Kong
28 March 2025

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 from services	5&6	**1,951,321**	1,523,179
Cost of services		**(1,541,288)**	(1,069,019)
Gross profit		**410,033**	454,160
Other income	7	**20,945**	29,696
Other gains and losses	7	**(34,908)**	(43,366)
Impairment losses under expected credit loss model, net of reversal	8	**(59,775)**	(130,530)
Selling and distribution expenses		**(4,186)**	(4,658)
Administrative expenses		**(233,968)**	(255,681)
Finance costs	9	**(2,492)**	(1,889)
Change in fair value of investment properties	17	**(1,878)**	(1,501)
Share of results of associates		**(553)**	1,538
Share of results of joint ventures		**(32,765)**	4,842
Profit before tax		**60,453**	52,611
Income tax expense	10	**(24,331)**	(19,645)
Profit for the year	11	**36,122**	32,966
Other comprehensive income (expense)			
Items that will not be reclassified subsequently to profit or loss:			
Change in fair value of equity instruments designated at fair value through other comprehensive income ("FVTOCI")		**284**	(5,933)
Deferred taxation effect on change in fair value of equity instruments designated at FVTOCI		**(71)**	1,483
Other comprehensive income (expense) for the year, net of income tax		**213**	(4,450)
Total comprehensive income for the year		**36,335**	28,516
Profit for the year attributable to:			
Owners of the Company		**18,953**	23,007
Non-controlling interests		**17,169**	9,959
		36,122	32,966
Total comprehensive income for the year attributable to:			
Owners of the Company		**19,166**	18,557
Non-controlling interests		**17,169**	9,959
		36,335	28,516
Earnings per share – basic (RMB cents)	14	**1.27**	1.55
Earnings per share – diluted (RMB cents)	14	**1.27**	1.55

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Non-current Assets			
Property, plant and equipment	15	**60,112**	42,940
Right-of-use assets	16	**196,197**	207,109
Investment properties	17	**17,748**	19,561
Interests in associates	18	**41,910**	42,526
Interests in joint ventures	19	**83,225**	115,990
Equity instruments designated at FVTOCI	20	**13,566**	13,282
Goodwill	21	**880,344**	906,944
Intangible assets	22	**–**	–
Other receivables	24	**5,482**	6,007
Deferred tax assets	26	**132,354**	129,421
Deposits paid for potential acquisition of subsidiaries	27	**123,475**	121,776
		1,554,413	1,605,556
Current Assets			
Contract assets	23	**25,453**	32,328
Trade receivables	24	**748,522**	651,808
Other receivables and prepayments	24	**1,530,322**	1,454,450
Loan receivables	25	**103,785**	141,939
Payments on behalf of residents	28	**820,684**	756,830
Amounts due from related parties	45(b)	**84,412**	208,286
Restricted bank deposits	29	**55,084**	50,269
Bank balances and cash	29	**994,119**	947,904
		4,362,381	4,243,814
Current Liabilities			
Trade payables	30	**500,012**	378,876
Other payables and accruals	30	**217,164**	211,003
Contract liabilities	31	**336,891**	253,342
Receipts on behalf of residents	28	**47,722**	180,185
Lease liabilities due within one year	32	**9,416**	8,093
Amounts due to related parties	45(b)	**40,871**	40,501
Tax liabilities		**263,183**	294,141
		1,415,259	1,366,141
Net Current Assets		**2,947,122**	2,877,673
Total Assets Less Current Liabilities		**4,501,535**	4,483,229

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Non-current Liabilities			
Deferred tax liabilities	26	**466**	248
Lease liabilities due after one year	32	**19,758**	19,658
Total Non-current Liabilities		**20,224**	19,906
Net Assets		**4,481,311**	4,463,323
Capital and Reserves			
Share capital	33	**120,750**	120,750
Reserves		**4,166,048**	4,150,390
Equity attributable to owners of the Company		**4,286,798**	4,271,140
Non-controlling interests		**194,513**	192,183
Total Equity		**4,481,311**	4,463,323

The consolidated financial statements on pages 77 to 176 were approved and authorised for issue by the board of directors on 28 Mar 2025 and are signed on its behalf by:

MR. LIU HONGCAI
DIRECTOR

MS. YANG LAN
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

At 31 December 2024

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000 (note a)	Share-based payments reserve RMB'000 (note 34)	Shares held for share award scheme RMB'000 (note 35)	FVTOCI reserve RMB'000	Other reserve RMB'000 (note b)	Retained profits RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2023	120,750	1,738,865	260,379	243,034	(6,795)	8,534	(420,656)	2,309,275	4,253,386	187,496	4,440,882
Profit for the year	–	–	–	–	–	–	–	23,007	23,007	9,959	32,966
Change in fair value of equity instruments designated at FVTOCI	–	–	–	–	–	(5,933)	–	–	(5,933)	–	(5,933)
Deferred taxation effect on change in fair value of equity instruments designated at FVTOCI	–	–	–	–	–	1,483	–	–	1,483	–	1,483
Other comprehensive expense for the year	–	–	–	–	–	(4,450)	–	–	(4,450)	–	(4,450)
Total comprehensive (expense) income for the year	–	–	–	–	–	(4,450)	–	23,007	18,557	9,959	28,516
Dividend paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	(16,042)	(16,042)
Acquisition of subsidiaries	–	–	–	–	–	–	(803)	–	(803)	9,248	8,445
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	1,522	1,522
Disposal of equity instruments designated at FVTOCI	–	–	–	–	–	30	–	(30)	–	–	–
Transfer	–	–	22,419	–	–	–	–	(22,419)	–	–	–
At 31 December 2023	120,750	1,738,865	282,798	243,034	(6,795)	4,114	(421,459)	2,309,833	4,271,140	192,183	4,463,323

Notes:

(a) The statutory reserve is non-distributable and the transfer to the reserve is determined by the board of directors of subsidiaries established in the People's Republic of China (the "PRC") in accordance with the Articles of Association of the subsidiaries by way of appropriations from its net profit (based on the PRC statutory financial statements of the subsidiaries). Statutory reserve can be used to make up for previous year's losses or convert into additional capital of the PRC subsidiaries of the Company.

(b) The amount recorded in the other reserve was resulted from the following as follows:

(i) Other reserve arose from the acquisitions of additional equity interests in subsidiaries and the disposal of partial equity interests in subsidiaries, which represent the difference between the consideration and the adjustment to the non-controlling interests.

(ii) The Company recognised expense in relation to share options granted by Fantasia Holdings Group Co., Limited to eligible directors and employees of the Company and credited to other reserve.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

At 31 December 2024

	Attributable to owners of the Company										
	Share capital	Share premium	Statutory reserve	Share-based payments reserve	Shares held for share award scheme	FVTOCI reserve	Other reserve	Retained profits	Subtotal	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
			(note c)	(note 34)	(note 35)		(note d)				
At 31 December 2023	120,750	1,738,865	282,798	243,034	(6,795)	4,114	(421,459)	2,309,833	4,271,140	192,183	4,463,323
Profit for the year	–	–	–	–	–	–	–	18,953	18,953	17,169	36,122
Change in fair value of equity instruments designated at FVTOCI	–	–	–	–	–	284	–	–	284	–	284
Deferred taxation effect on change in fair value of equity instruments designated at FVTOCI	–	–	–	–	–	(71)	–	–	(71)	–	(71)
Other comprehensive income for the year	–	–	–	–	–	213	–	–	213	–	213
Total comprehensive income for the year	–	–	–	–	–	213	–	18,953	19,166	17,169	36,335
Dividend paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	(17,169)	(17,169)
Acquisition of additional equity interest in subsidiaries	–	–	–	–	–	–	(3,508)	–	(3,508)	(405)	(3,913)
Disposal/deregistration of subsidiaries	–	–	–	–	–	–	–	–	–	2,735	2,735
Transfer	–	–	18,632	–	–	–	–	(18,632)	–	–	–
At 31 December 2024	120,750	1,738,865	301,430	243,034	(6,795)	4,327	(424,967)	2,310,154	4,286,798	194,513	4,481,311

Notes:

(c) The statutory reserve is non-distributable and the transfer to the reserve is determined by the board of directors of subsidiaries established in the People's Republic of China (the "PRC") in accordance with the Articles of Association of the subsidiaries by way of appropriations from its net profit (based on the PRC statutory financial statements of the subsidiaries). Statutory reserve can be used to make up for previous year's losses or convert into additional capital of the PRC subsidiaries of the Company.

(d) The amount recorded in the other reserve was resulted from the following as follows:

(iii) Other reserve arose from the acquisitions of additional equity interests in subsidiaries and the disposal of partial equity interests in subsidiaries, which represent the difference between the consideration and the adjustment to the non-controlling interests.

(iv) The Company recognised expense in relation to share options granted by Fantasia Holdings Group Co., Limited to eligible directors and employees of the Company and credited to other reserve.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
OPERATING ACTIVITIES		
Profit before tax	**60,453**	52,611
Adjustments for:		
Changes in fair value of investment properties	**1,878**	1,501
Impairment losses under expected credit loss model, net of reversal	**59,775**	130,530
Depreciation of property, plant and equipment	**21,937**	16,350
Depreciation of right-of-use assets	**20,348**	19,007
Amortisation of intangible assets	**–**	1,378
Interest income	**(12,703)**	(12,651)
Finance costs	**2,492**	1,889
Share of results of joint ventures	**32,765**	(4,842)
Share of results of associates	**553**	(1,538)
Loss on disposal of property, plant and equipment	**102**	–
Net foreign exchange gain/(loss)	**(261)**	(970)
Net loss on disposal/deregistration of subsidiaries	**27,268**	14,512
Operating cash flows before movements in working capital	**214,607**	217,777
Increase in trade receivables	**(96,869)**	(90,747)
Increase in other receivables and prepayments	**(114,922)**	(93,027)
Changes in payments/receipts on behalf of residents	**(196,646)**	(110,650)
Decrease/(increase) in contract assets	**1,587**	(16,962)
Increase in contract liabilities	**83,549**	70,664
Increase in trade payables	**121,135**	73,607
(Decrease)/increase in other payables and accruals	**(8,532)**	57,111
Decrease in amounts due from related parties	**104,602**	1,649
Cash generated from operations	**108,511**	109,422
Income taxes paid	**(17,169)**	(23,242)
NET CASH FROM OPERATING ACTIVITIES	**91,342**	86,180

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
INVESTING ACTIVITIES		
Interest received	**5,213**	5,152
Acquisitions of subsidiaries (net of cash and cash equivalents acquired)	**(3,400)**	(20,100)
Deposit paid for acquisition of subsidiaries	**(1,100)**	–
Settlement of consideration receivables of disposal of subsidiaries	**–**	299,673
Disposal of associates and joint ventures	**1,000**	611
Payment for deposits and purchase of property, plant and equipment and investment properties	**(28,222)**	(29,639)
Proceeds of disposal of property, plant and equipment and investment properties	**250**	1,263
Proceeds of disposal of right-of-use assets	**–**	38,997
Capital injection to and acquisition of associates and joint ventures	**(1,000)**	(500)
Increase in restricted bank deposits	**(20,645)**	(36,241)
Decrease in restricted bank deposits	**15,830**	20,742
Advances of loan receivables	**–**	(4,000)
Repayment of loan receivables	**–**	8,032
Advances to related parties	**(33,586)**	(58,271)
Repayment from related parties	**49,861**	8,503
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	**(15,799)**	234,222
FINANCING ACTIVITIES		
Repayments of lease liabilities	**(12,528)**	(8,880)
Advance from related parties	**5,759**	3,657
Repayment to related parties	**(5,390)**	(108,349)
Dividends paid to non-controlling shareholders of the subsidiaries	**(17,169)**	(16,042)
NET CASH USED IN FINANCING ACTIVITIES	**(29,328)**	(129,614)
NET INCREASE IN CASH AND CASH EQUIVALENTSR	**46,215**	190,788
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**947,904**	757,116
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	**994,119**	947,904

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL

Colour Life Services Group Co., Limited (the "Company") is a limited liability company incorporated in Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited ("the SEHK").Its immediate holding company is Fantasia Holdings Group Co., Limited ("Fantasia Holdings"), a company which was incorporated as an exempted company with limited liability in the Cayman Islands and its shares are listed on the Main Board of the SEHK. Its ultimate holding company is Ice Apex Limited, a limited liability company incorporated in the British Virgin Islands (the"BVI").Its ultimate controlling party is Ms. Zeng Jie, Baby. The addresses of the registered office and principal place of the Company are disclosed in the corporate information section to the annual report.

The Company acts as an investment holding company. Details of the principal activities of its subsidiaries are set out in note 44.

The consolidated financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company and the major subsidiaries.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

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

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

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

The application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group's financial position 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 HKFRS ACCOUNTING STANDARDS *(Continued)*

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

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

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

1 Effective for annual periods beginning on or after 1 January 2025.
2 Effective for annual periods beginning on or after 1 January 2026.
3 Effective for annual periods beginning on or after 1 January 2027.
4 Effective for annual periods beginning on or after a date to be determined.

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

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standards, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with the HKFRS Accounting Standards issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the SEHK ("Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

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

For investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that the results of the valuation technique equals the transaction price.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Basis of preparation of consolidated financial statements *(Continued)*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Material accounting policy information *(Continued)*

Basis of consolidation (Continued)

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income and expenses, and cash flows relating to the transactions among the members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

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 owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 Financial Instruments ("HKFRS 9") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting (the "Conceptual Framework") except for transactions and events within the scope of HKAS 37Provisions, Contingent Liabilities and Contingent Assets or HK(IFRIC)-Int 21Levies, in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognized.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Business combinations *(Continued)*

Optional concentration test

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income Taxes" and HKAS 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 arrangement of the acquiree are measured in accordance with HKFRS 2 "Share-based Payment" at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 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 HKFRS 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.

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 amounts of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after reassessment, the net amounts 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.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Business combinations *(Continued)*

Optional concentration test (Continued)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

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 represent 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 when there is an 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 based on the carrying amount of each asset in the unit (or group of cash-generating units).

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.

The Group's policy for the goodwill arising on the acquisition of an associate and joint ventures is described below.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Investments in associates and joint ventures

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 the investee but is not control or joint control over those policies.

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 joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate or joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 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. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Investments in associates and joint ventures *(Continued)*

When the Group ceases to have significant influence over an associate or joint venture, it is accounted for as disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest in a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint ventures and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal or partial disposal of the relevant associate or joint venture.

When a group entity transacts with an associate or a joint venture, profits and losses resulting from the transactions with the associate or joint venture are recognised in the consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Changes in the Group's interests in associates and joint ventures

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Acquisition of additional interests in associates or joint ventures

When the Group increases its ownership interest in an associate or a joint venture but the Group continues to use the equity method, goodwill is recognised at acquisition date if there is excess of the consideration paid over the share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired. Any excess of share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired over the consideration paid are recognised in the profit or loss in the period in which the additional interest are acquired.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Revenue from contracts with customers

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

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

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

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

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

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Principal versus agent

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Leases

Definition of a lease

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

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of office premises, apartments and commercial properties that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property are presented within “investment properties”.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, 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.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for “lease modifications”.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

Lease modification

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities and lease incentives from lessor by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified 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 as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 *Revenue from Contracts with Customers* ("HKFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Leases *(Continued)*

The Group as a lessor (Continued)

Lease modification

Changes in consideration of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of the entity (foreign currencies) are recognised at the rates of exchange prevailing at the dates of transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants related to income that are 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. Such grants are presented under "other income".

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Employee Benefits

Retirement benefit costs

Payments to state-managed retirement benefit scheme and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS Accounting Standards requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from services cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS Accounting Standards requires or permits their inclusion in the cost of an asset.

Share-based payments

Equity-settled share-based payment transactions

Share options scheme

Equity-settled share-based payments to employees are measured at fair value of equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instrument that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest based on assessment of all the relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share-based payments reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will continue to be held in share-based payments reserve.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Share-based payments *(Continued)*

Equity-settled share-based payment transactions (Continued)

Share award scheme

Where the Group's shares are acquired by the trustee of the share award scheme from the open market, the total consideration of shares acquired from the open market (including any directly attributable incremental costs) is presented as shares held for share award scheme and deducted from total equity.

The fair value of the awarded shares at the grant date is expensed on a straight-line basis over the projected vesting period being the period for which the services from the employees are rendered with a corresponding increase in equity (shares held for share award scheme).

Upon vesting and transfer the shares to the grantees, the related costs of the shares are reversed from shares held for share award scheme, and the related expenses of the shares are reversed from "shares held for share award scheme" included in reserves. The difference arising from such transfer is debited/credited to retained profits.

Taxation

Income tax expense represents the sum of the amount and deferred tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and 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 generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, associates 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 the 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. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Taxation *(Continued)*

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

The measurement of deferred tax liabilities and assets 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 investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

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 HKAS 12 "Income Taxes" requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

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 to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and accumulated impairment losses, if any.

Buildings in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "right-of-use assets", if any, in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets (other than properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties also include leased properties which are being recognised as right-of-use assets and subleased by the Group under operating leases

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Investment properties *(Continued)*

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

Intangible assets acquired in a business combination

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 costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

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

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, 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 (or a cash-generating units) for which the estimates of future cash flows have not been adjusted.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill *(Continued)*

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a 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 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 a cash-generating unit or a group of 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 had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in note 29.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Provisions *(Continued)*

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair values of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

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

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both selling the financial assets and collecting contractual cash flows; and

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Classification and subsequent measurement of financial assets *(Continued)*

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 “Business Combinations” applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will continue to be held in the FVTOCI reserve.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the “other income” line item in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, other receivables, payments on behalf of residents, loan receivables, amounts due from related parties, restricted bank deposits and bank balances) and contract assets which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group recognises lifetime ECL for trade receivables, contract assets and payments on behalf of residents. The ECL on these assets are assessed collectively using a provision matrix or collective basis with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. 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:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 *(Continued)*

(i) Significant increase in credit risk *(Continued)*

Irrespective of the outcome of the above assessment, 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 debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (a) it has a low risk of default, (b) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (c) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of “investment grade” as per globally understood definitions.

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(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 that a more lagging default criterion is more appropriate.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 *(Continued)*

(iii) Credit-impaired financial assets

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

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- 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;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(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, or in the case of trade receivables, loan receivables and payments on behalf of residents, when the amounts are over two years past due, 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

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 and 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. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

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.

Lifetime ECL for certain trade receivables, payments on behalf of residents and contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 *(Continued)*

(v) Measurement and recognition of ECL *(Continued)*

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of counterparties; and
- External credit ratings where available.

The grouping is regularly reviewed by management 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, contract assets, loan receivables, payments on behalf of residents and amount due from a joint venture where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI upon application of HKFRS 9, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained profits.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Derecognition of financial assets *(Continued)*

Financial liabilities and equity (Continued)

Equity instruments

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

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities including trade payables, other payables, receipts on behalf of residents and amounts due to related parties are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 on-going 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.

The following are the critical judgements that the Directors have made the process applying the Group's accounting policies, the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the groups of cash generating units (or group of cash-generating units) to which goodwill has been allocated which is the higher of the value in use and fair value less costs of disposal. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit (or a group of cash-generating units) based on five-year financial budgets approved by the management of the Group and a suitable discount rate. The Group engages an independent valuer to assist the estimation. The valuation team of the Group works closely with the independent valuer to establish the appropriate estimation model and inputs to the model. Key estimates involved in the preparation of cash flow projections for the period covered by the approved financial budgets include the growth rates in revenue, estimated gross profit, estimated profit before tax and discount rates. The cash flows beyond the five-year period are extrapolated using zero growth rate. The details are set out in note 21. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of expected future cash flows due to unfavourableness, a material impairment loss may arise. As at 31 December 2024, the carrying amount of goodwill net of accumulated impairment loss was amounted to RMB880,344,000 (2023: RMB906,944,000).

Provision of ECL for trade receivables

The Group uses provision matrix to calculate ECL for the trade receivables. The provision rates are based on internal credit ratings as groupings of various debtors by their aging, which are considered of similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At the end of each reporting period, the historical observed default 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 notes 24 and 37.

Provision of ECL for payments on behalf of residents, other receivables, amounts due from related parties and contract assets

The Group uses collective basis to calculate ECL for the payments on behalf of residents, other receivables, amounts due from related parties and contract assets. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The collective basis assessment is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At the end of each reporting period, the historical observed default 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 payments on behalf of residents, other receivables, amounts due from related parties and contract assets are disclosed in notes 28, 24, 45(b), 23 and 37 respectively.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Useful lives of property, plant and equipment

The Group estimates useful lives and related depreciation charges for its items of property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of items of property, plant and equipment of similar nature and function and also by reference to the relevant industrial norm. If the actual useful lives of assets are less than the original estimated useful lives due to changes in commercial and technological environment, such difference will impact the depreciation charge for the remaining period. As at 31 December 2024, the carrying amount of property, plant and equipment was RMB60,112,000 (2023: RMB42,940,000).

Fair value of completed investment properties

The Group's completed investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on method of valuation which take into account the market evidence of transaction prices for similar properties in the same location and conditions. In relying on the valuation report, the management has exercised its judgement and is satisfied that the method of valuation is reflective of the current market conditions. Should there be changes in assumptions due to market conditions, the fair value of the investment properties will change in the future. As at 31 December 2024, the carrying amount of investment properties was RMB17,748,000 (2023: RMB19,561,000).

Deferred tax asset

As at 31 December 2024, a deferred tax asset of RMB132,354,000 (2023: RMB129,421,000) has been recognised in the consolidated statement of financial position. The realisability of the deferred tax asset mainly depends on whether sufficient taxable profits will be available in the future or taxable temporary differences are expected to reverse in the same period as the expected reversal of the deductible temporary differences, which is a key source of estimation uncertainty. The uncertainty would depend on how the ongoing uncertain macroeconomic and geopolitical environment, which includes the persistent effects of climate change, higher interest rates and inflation, energy security concerns, cyberattacks, elections in major economies, and international conflicts and tensions, may progress and evolve. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

5. REVENUE FROM SERVICES

(i) Disaggregation of revenue from contracts with customers

For the year ended 31 December 2024

Segments	Property management services RMB'000	Value-added services RMB'000	Total RMB'000
Types of goods and services			
Property management services			
Lump sum basis	1,804,994	–	1,804,994
Pre-delivery services	7,924	–	7,924
Commission basis	40,563	–	40,563
Consultancy services fee	790	–	790
	1,854,271	–	1,854,271
Value-added services			
Online promotion services	–	15,474	15,474
Sales and rental assistance	–	53,036	53,036
Engineering services	–	5,801	5,801
Other value-added services	–	22,739	22,739
	–	97,050	97,050
	1,854,271	97,050	1,951,321
Timing of revenue recognition			
A point in time	–	14,225	14,225
Over time	1,854,271	82,825	1,937,096
	1,854,271	97,050	1,951,321

5. REVENUE FROM SERVICES *(Continued)*

(i) Disaggregation of revenue from contracts with customers *(Continued)*

For the year ended 31 December 2023

	Property management services RMB'000	Value-added services RMB'000	Total RMB'000
Types of goods and services			
Property management services			
Lump sum basis	1,309,741	–	1,309,741
Pre-delivery services	12,956	–	12,956
Commission basis	102,814	–	102,814
Consultancy services fee	2,088	–	2,088
	1,427,599	–	1,427,599
Value-added services			
Online promotion services	–	36,464	36,464
Sales and rental assistance	–	27,840	27,840
Engineering services	–	22,710	22,710
Other value-added services	–	8,566	8,566
	–	95,580	95,580
	1,427,599	95,580	1,523,179
Timing of revenue recognition			
A point in time	–	27,840	27,840
Over time	1,427,599	67,740	1,495,339
	1,427,599	95,580	1,523,179

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

5. REVENUE FROM SERVICES *(Continued)*

(ii) Performance obligations for contracts with customers

Property management services mainly includes property management services under lump sum basis, commission basis, pre-delivery services and consultancy service arrangement. For property management services, the Group bills a fixed rate for services provided on a monthly/regular basis and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

For property management services income from properties managed under lump sum basis, where the Group acts as principal and is primarily responsible for providing the property management services to the property owners, who simultaneously receives and consumes the benefit provided by the Group's performance as the Group performs, the Group recognises the fee received or receivable from property owners as its revenue over time and all related property management costs as its cost of services.

For property management services income from properties managed under commission basis, the Group recognises the commission for providing the property management services to the property management offices of residential communities, which is calculated by certain percentage of the total property management fee charged to the property owners. As the property management offices of residential communities simultaneously receives and consumes the benefit provided by the Group's performance as the Group renders property management services, the Group recognises the fee received or receivables from property management offices of residential communities as its revenue over time and all related property management costs as its cost of services.

For property management services income in pre-delivery services, where the Group acts as principal and is primarily responsible for providing the property management services for the property developers, which simultaneously receives and consumes the benefit provided by the Group's performance as the Group performs, the Group recognises the fee received or receivable from property developers as its revenue over time and all related property management costs as its cost of services.

For consultancy services income for residential communities under consultancy service arrangement, where the Group acts as principal and is primarily responsible for providing the consultancy services for the property management companies, which simultaneously receives and consumes the benefit provided by the Group's performance as the Group performs. The Group agrees the fee for services with the property management companies upfront and recognises the fee received or receivable from the property management companies as its revenue over time and all related property management costs as its cost of services.

Value-added services mainly includes usage fees from online promotion services, sales and rental assistance, engineering services and other value-added services. The Group agrees the fixed rate for services with the customers upfront and issues the bill on a monthly/regular basis to the customers which varies based on the actual level of service completed in that month/period.

5. REVENUE FROM SERVICES *(Continued)*

(ii) Performance obligations for contracts with customers *(Continued)*

For online promotion services, rental assistance services and other value-added services, as the customers simultaneously receive and consume the benefits provided by the Group's performance, thus the revenue is recognised over time when the performance obligations are satisfied. Payment of the transaction is due upon issuance of invoice when performance obligations are satisfied.

For sales services, the Group provides agency services to property developers. Agency commission is recognised at a point in time when a buyer and seller execute a legally binding agreement and performance obligations are satisfied. Payment of the transaction is due immediately when performance obligations are satisfied.

Engineering services mainly includes equipment installation services, repair and maintenance services and energy-saving services. For engineering services, the Group's performance creates or enhances an asset or work in progress that the customers control as the asset is created or enhanced, thus the Group satisfies a performance obligation and recognises revenue over time, by reference to completion of satisfaction of the performance obligation.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2024 and 2023 regarding property management services and engineering services is expected to recognise as revenue within one year.

6. SEGMENT INFORMATION

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

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

6. SEGMENT INFORMATION *(Continued)*

Information about major customer

There were no sales to a single customer which amounted to 10% or more of the Group's revenue during the year ended 31 December 2024 and 2023.

Information about geographical areas

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

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

Revenue and results from major services

The Group is mainly engaged in provision of property management services and value-added services. The following table provides an analysis of the Group's revenue and results based on types of business:

	Property management services RMB'000	**Value-added services RMB'000**	**Total RMB'000**
Year ended 31 December 2024			
Revenue from major services	**1,854,271**	**97,050**	**1,951,321**
Profit from major services	**157,647**	**8,251**	**165,898**

	Property management services RMB'000	Value-added services RMB'000	Total RMB'000
Year ended 31 December 2023			
Revenue from major services	1,427,599	95,580	1,523,179
Profit from major services	132,726	8,886	141,612

7. OTHER INCOME, GAINS AND LOSSES

	2024 RMB'000	2023 RMB'000
Other income		
Interest income from		
– loan receivables	**7,499**	7,499
– banks	**5,095**	4,970
– advance to staffs	**109**	182
Refund of value-added tax	**34**	140
Unconditional government grants	**5,121**	15,010
Others	**3,087**	1,895
	20,945	29,696
Other gains and losses		
Net loss on disposal/deregistration of subsidiaries	**(27,268)**	(14,512)
Loss on disposal of associates	**(1,126)**	–
Loss on termination of lease agreements	**–**	(21,984)
Exchange gain	**261**	970
Others	**(6,775)**	(7,840)
	(34,908)	(43,366)

8. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	2024 RMB'000	2023 RMB'000
Impairment loss (recognised on) reversed of		
– trade receivables (note 24)	**(155)**	(4,248)
– other receivables (note 24)	**(12,853)**	(113,571)
– contract assets (note 23)	**(5,287)**	(24,513)
– payments on behalf of residents (note 28)	**(329)**	(18,539)
– amount due from related parties (note 37(b))	**(2,997)**	20,071
– loan receivables (note 25)	**(38,154)**	10,270
	(59,775)	(130,530)

Details of impairment assessment are set out in note 37(b).

9. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interests on lease liabilities	**(2,492)**	(1,889)

10. INCOME TAX EXPENSE

	2024 RMB'000	2023 RMB'000
Current tax		
Enterprise Income Tax (the "EIT")	**(27,117)**	(27,610)
Deferred tax (note 26)		
Credit to profit or loss	**2,786**	7,965
	(24,331)	(19,645)

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the income of the Group neither arises in nor is derived from Hong Kong.

10. INCOME TAX EXPENSE *(Continued)*

Under the law and regulation of PRC on EIT (the "EIT Law"), the tax rate of the PRC subsidiaries is 25% for both years, except for the exemption and preferential rate as disclosed in note (b) below.

Deferred tax has not been provided for in the consolidated financial statements in respect of the tax effect of temporary differences attributable to the accumulated undistributed earnings of the subsidiaries of the Company established in the PRC amounting to RMB2,310,040,000 (2023: RMB2,214,770,000) as the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

The income tax expense for the year can be reconciled to the profit before tax as follows:

	2024 **RMB'000**	2023 RMB'000
Profit before tax	**60,453**	52,611
Tax at the PRC EIT rate of 25% (2023: 25%)	**15,113**	13,153
Tax effect of expenses not deductible for tax purpose (note a)	**1,748**	7,758
Tax effect of non-taxable income	**(13,449)**	(11,719)
Tax effect of tax losses not recognised	**25,602**	10,389
Utilisation of tax loss previously not recognised	**(9,018)**	(19,221)
Tax effect of deductible temporary difference not recognised	**15,376**	31,133
Tax effect of share of results of associates	**(138)**	(384)
Tax effect of share of results of joint ventures	**(706)**	(1,211)
Tax effect of different tax rates of certain subsidiaries (note b)	**(7,411)**	(2,288)
Others	**(2,786)**	(7,965)
Income tax expense	**24,331**	19,645

Notes:

(a) The expenses not deductible for tax purpose mainly represented professional fees incurred by offshore companies and welfare and entertainment expenses which exceed the tax deduction limits under the EIT Law.

(b) The different tax rates mainly come from (i) a PRC company, which is registered in Shenzhen, enjoys the former three-year income tax exemptions and later three-year halves from the profit-making year of each contract, under the condition of annual registration as energy conservation and environmental protection enterprise at local tax bureau and (ii) certain PRC companies engage in the encouraged industries in the western region of the PRC, are entitled to the PRC income tax at a preferential rate of 15% for both the year ended 31 December 2024 and 2023.

For certain group entities engaged in property management services (the "PM Entities"), pursuant to the relevant local tax regulations in the PRC, the Group has elected to file combined tax return for the PM Entities incorporating assessable profit and tax losses attributable to the PM Entities as well as certain communities which are managed by the PM Entities under commission basis. As a result of such arrangement, the Group defers the payment of certain tax provision due to combining the tax losses of loss making communities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

11. PROFIT FOR THE YEAR

	2024 RMB'000	2023 RMB'000
Profit for the year has been arrived at after charging:		
Directors' remuneration	**5,400**	4,481
Other staffs' salaries and other benefits	**557,967**	459,880
Retirement benefits scheme contributions	**79,584**	58,203
Total staff costs	**642,951**	522,564
Auditors' remuneration	**4,800**	4,200
Amortisation of intangible assets (note 22)	**–**	1,378
Depreciation of property, plant and equipment (note 15)	**21,937**	16,350
Depreciation of right-of-use assets (note 16)	**20,348**	19,007

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Details of the emoluments paid/payable to the directors and the chief executive of the Company during the year are as follows:

	2024 RMB'000	2023 RMB'000
Directors' fee	**979**	951
Other emoluments		
– salaries and other benefits	**4,269**	3,381
– retirement benefits scheme contributions	**152**	149
	5,400	4,481

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(Continued)*

The emoluments of the directors and chief executive, disclosed pursuant to the applicable Listing Rules and CO, are as follows:

	Notes	Fees RMB'000	Salaries and other benefits RMB'000	Discretionary bonus RMB'000	Retirement benefits scheme contributions RMB'000	Share-based payments RMB'000	Total RMB'000
Year ended 31 December 2024							
Executive Directors							
Mr. Liu Hongcai		–	1,069	1,885	100	–	3,054
Ms. Yang Lan		–	579	736	52	–	1,367
		–	1,648	2,621	152	–	4,421
Non-executive Directors							
Mr. Zhu Jindong		445	–	–	–	–	445
Mr. Timothy David Gildner		–	–	–	–	–	–
		445	–	–	–	–	445
Independent non-executive Directors							
Mr. Lee Yan Fai		166	–	–	–	–	166
Mr. Zhang Raymond Yue		236	–	–	–	–	236
Ms. Yu Shan	xvi	132	–	–	–	–	132
		534	–	–	–	–	534
Total		979	1,648	2,621	152	–	5,400

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(Continued)*

	Notes	Fees RMB'000	Salaries and other benefits RMB'000	Discretionary bonus RMB'000	Retirement benefits scheme contributions RMB'000	Share-based payments RMB'000	Total RMB'000
Year ended 31 December 2023							
Executive Directors							
Mr. Pan Jun	iv	–	–	–	–	–	–
Mr. Zhu Guogang	ii	240	–	–	–	–	240
Mr. Chen Xinyu	iii	–	–	–	–	–	–
Mr. Liu Hongcai		–	641	1,755	98	–	2,494
Ms. Yang Lan	vi	–	326	659	51	–	1,036
		240	967	2,414	149	–	3,770
Non-executive Directors							
Mr. Wu Qingbin	v	–	–	–	–	–	–
Mr. Zheng Hongyan	viii	–	–	–	–	–	–
Ms. Sun Dongni	ix	–	–	–	–	–	–
Mr. Chen Wenjian	vii	–	–	–	–	–	–
Mr. Zhu Jindong	x	148	–	–	–	–	148
Mr. Timothy David Gildner	xi	–	–	–	–	–	–
		148	–	–	–	–	148
Independent non-executive Directors							
Mr. Xu Xinmin	xiii	232	–	–	–	–	232
Mr. Zhu Wuxiang	xii	180	–	–	–	–	180
Mr. Lee Yan Fai	xiv	91	–	–	–	–	91
Mr. Zhang Raymond Yue	xv	60	–	–	–	–	60
		563	–	–	–	–	563
Total		951	967	2,414	149	–	4,481

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(Continued)*

Notes:

i The discretionary bonus is determined by the Board of Directors based on the Group's performance for each financial year.

ii Mr. Zhu Guogang resigned on 21 June 2023.

iii Mr. Chen Xinyu resigned on 23 June 2023.

iv Mr. Pan Jun resigned on 11 September 2023.

v Mr. Wu Qingbin was resigned on 11 September 2023.

vi Ms. Yang Lan was appointed as executive director on 21 June 2023.

vii Mr. Chen Wenjian was appointed as non-executive director on 11 September 2023.

viii Mr. Zheng Hongyan resigned on 11 September 2023.

ix Ms. Sun Dongni resigned on 11 September 2023.

x Mr. Zhu Jindong was appointed as non-executive director on 11 September 2023.

xi Mr. Timothy David Gildner was appointed as non-executive director on 11 September 2023.

xii Mr. Zhu Wuxiang resigned on 25 September 2023.

xiii Mr. Xu Xinmin resigned on 18 December 2023.

xiv Mr. Lee Yan Fai was appointed as independent non-executive director on 14 June 2023.

xv Mr. Zhang Raymond Yue was appointed as independent non-executive director on 25 September 2023.

xvi Ms. Yu Shan was appointed as independent non-executive director on 15 March 2024.

The executive directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group.

The non-executive directors' emoluments shown above were paid for their services as directors of the Company and its subsidiaries.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Mr. Zhu Jindong was the chief executive of the Company, and his emoluments disclosed above include those for services rendered by him as chief executive.

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(Continued)*

The five highest paid individuals of the Group included 2 directors (2023: 2 directors) for the year ended 31 December 2024. Details of their emoluments are set out above. The emoluments of the remaining 3 (2023: 3) of the five highest paid individuals is as follows:

	2024 **RMB'000**	2023 RMB'000
Employees		
– salaries and other benefits	**3,574**	3,982
– retirement benefits scheme contributions	**208**	276
	3,782	4,258

Their emoluments were within the following band:

	2024 **Number of** **employees**	2023 Number of employees
HKD1,000,001 to HKD1,500,000	**2**	2
HKD1,500,001 to HKD2,000,000	**1**	1

During the years ended 31 December 2024 and 2023, no emoluments were paid by the Group to any of the directors of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

In addition, no directors waived any emoluments during the years ended 31 December 2024 and 2023.

13. DIVIDENDS

During the year ended 31 December 2024, no dividend was declared and paid in respect of the year ended 31 December 2023.

The directors of the Company did not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

14. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2024	2023
Earnings (RMB'000)		
Earning for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**18,953**	23,007
Number of shares ('000)		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**1,487,526**	1,487,526

For the years ended 31 December 2024 and 2023, the computation of diluted earnings per share does not assume the exercise of certain share options granted by the Company as the exercise prices of the respective options were higher than the average market price per share.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings RMB'000	Leasehold improvement RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
COST					
At 1 January 2023	3,565	76,047	222,341	4,108	306,061
Additions	–	17,846	7,330	311	25,487
Disposals	(233)	(267)	(4,317)	(136)	(4,953)
At 31 December 2023	**3,332**	**93,626**	**225,354**	**4,283**	**326,595**
Additions	**25**	**26,845**	**7,380**	**169**	**34,419**
Acquisition of subsidiaries	**–**	**4,678**	**2,454**	**–**	**7,132**
Disposals	**(9)**	**(439)**	**(257)**	**(5)**	**(710)**
At 31 December 2024	3,348	124,710	234,931	4,447	367,436
ACCUMULATED DEPRECIATION					
At 1 January 2023	2,231	59,294	205,982	3,717	271,224
Provided for the year	102	11,627	4,556	65	16,350
Eliminated on disposals	(196)	–	(3,630)	(93)	(3,919)
At 31 December 2023	**2,137**	**70,921**	**206,908**	**3,689**	**283,655**
Provided for the year	**154**	**18,193**	**3,487**	**103**	**21,937**
Acquisition of subsidiaries	**–**	**–**	**2,007**	**–**	**2,007**
Eliminated on disposals	**–**	**(46)**	**(224)**	**(5)**	**(275)**
At 31 December 2024	**2,291**	**89,068**	**212,178**	**3,787**	**307,324**
CARRYING VALUES					
At 31 December 2024	**1,057**	**35,642**	**22,753**	**660**	**60,112**
At 31 December 2023	1,195	22,705	18,446	594	42,940

The above items of property, plant and equipment less their residual values are depreciated on a straight-line basis over the following period:

Leasehold land and buildings	Over the shorter of the term of lease or 50 years
Leasehold improvement	Over the shorter of the term of lease or 3-10 years
Furniture, fixtures and equipment	3-5 years
Motor vehicles	5-10 years

16. RIGHT-OF-USE ASSETS

	Office premises and apartments RMB'000	Leasehold lands RMB'000	Total RMB'000
As at 31 December 2024			
Carrying amount	**196,197**	**–**	**196,197**
As at 31 December 2023			
Carrying amount	207,109	–	207,109
For the year ended 31 December 2024			
Depreciation charge	**20,348**	**–**	**20,348**
For the year ended 31 December 2023			
Depreciation charge	18,243	764	19,007

	2024 RMB'000	2023 RMB'000
Expense relating to short-term leases and other leases with lease terms ended within 12 months of the date of initial application of HKFRS 16	**114**	173
Expense relating to leases of low-value assets, excluding short-term leases and other leases with lease terms ended within 12 months of the date of initial application of HKFRS 16	**706**	309
Total cash outflow for leases	**12,828**	9,358
Acquisition of subsidiaries	**8,257**	–
Additions to right-of-use assets	**1,179**	23,297
Loss on termination of lease contracts	**–**	60,981

For both years, the Group leases office premises for its operations. Lease contracts are entered into for fixed term of 2 years to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

16. RIGHT-OF-USE ASSETS *(Continued)*

The Group has no extension and/or termination options in a number of leases for office premises and apartments. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only with consent of the Group and the respective lessors. As the Group has no enforceable rights and obligations to extend or terminate the leases, therefore, the Group has not considered those periods beyond the initial non-cancellable period and has not considered the early termination option in the non-cancellable period in the assessment of lease terms.

The above items of right-of-use are depreciated on a straight-line basis over the following period:

Office premises and apartments	2-20 years

17. INVESTMENT PROPERTIES

	RMB'000
At 1 January 2023	22,325
Disposals	(1,263)
Net change in fair value recognised in profit or loss	(1,501)
At 31 December 2023	19,561
Additions	417
Disposals	(352)
Net change in fair value recognised in profit or loss	(1,878)
At 31 December 2024	17,748

The fair values of the Group's completed investment properties at 31 December 2024 and 2023 have been arrived at on the basis of valuations carried out on those dates by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, respectively, being independent qualified professional valuer not connected with the Group which have appropriate qualification and relevant experiences in valuation of similar properties in the relevant locations. The valuations of completed investment properties were arrived at by reference to market evidence of transaction prices for similar properties in the similar locations and conditions, where appropriate. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

17. INVESTMENT PROPERTIES *(Continued)*

The investment properties are not held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time and therefore the presumption to recover entirely through sale is not rebutted. The Group has recognised deferred taxation on fair value changes in investment properties taking into account the land appreciation tax upon disposal.

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair values of these investment properties as at 31 December 2024 and 2023 are determined by direct comparison method which is based on market observable transaction of similar properties and adjusted to reflect the condition of the subject property and differences in location.

The following table gives information about how the fair values of these investment properties as at 31 December 2024 and 2023 are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised into level 3 based on the degree to which the inputs to the fair value measurements is observable.

Investment properties held by the Group	**Fair value as at 31 December 2024** RMB'000	**Location**	**Fair value hierarchy**	**Valuation techniques and key inputs**	**Significant observable/ unobservable inputs**	**Sensitivity**
Investment properties	17,748	Huizhou, Tianjin, Chengdu, Jingzhou, Lanzhou and Jiujiang	Level 3	Direct comparison method – based on market observable transactions of similar properties and adjusted to reflect the conditions and locations of the subject property.	Market unit sales price (RMB/sqm): 4,100-19,100	significant increase/ decrease in market unit sales rate would result in significant increase/ decrease in fair value.
					Adjustment made to account for differences in location: 1% – 8%	significant increase/ decrease in adjustment would result in significant decrease/increase in fair value.

Investment properties held by the Group	**Fair value as at 31 December 2023** RMB'000	**Location**	**Fair value hierarchy**	**Valuation techniques and key inputs**	**Significant observable/ unobservable inputs**	**Sensitivity**
Investment properties	19,561	Huizhou, Tianjin, Chengdu, Jingzhou and Jiujiang	Level 3	Direct comparison method – based on market observable transactions of similar properties and adjusted to reflect the conditions and locations of the subject property.	Market unit sales price (RMB/sqm): 4,600-22,300	significant increase/ decrease in market unit sales rate would result in significant increase/ decrease in fair value.
					Adjustment made to account for differences in location: 2% – 9%	significant increase/ decrease in adjustment would result in significant decrease/increase in fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

18. INTERESTS IN ASSOCIATES

	2024 RMB'000	2023 RMB'000
Cost of investments, unlisted	**38,515**	37,761
Share of post-acquisition results, net of dividends received	**3,395**	4,765
	41,910	42,526

Particulars of the Group's interests in principal associate at the end of the reporting period are as follows:

Name of entities	Place of incorporation/ establishment	Place of operation	Equity interest attributable to the Group		Proportion of voting power held by the Group		Principal activities
			2024	2023	**2024**	2023	
Qingdao Haihui Wanjia City Services Co., Ltd.* (青島海惠萬家城市服務有限公司) ("Qingdao Haihui") (note d)	PRC	PRC	**10%**	10%	**10%**	10%	Property management in the PRC

	青島海惠	
	2024 RMB'000	2023 RMB'000
Current assets	**54,503**	65,543
Non-current assets	**5,854**	4,305
Current liabilities	**55,173**	49,504
Non-current liabilities	**3,599**	-
Revenue	**53,312**	74,809
(Loss)/profit and total comprehensive (expense)/income for the year	**(18,759)**	7,780

Notes:

(a) During the year ended 31 December 2024, the Group has not invested (2023: RMB2,450,000) to establish and acquire certain associates. The associates mainly act as investment holdings companies and invest in community-related services.

(b) During the year ended 31 December 2024, the Group has disposed of its interests in certain associates to independent third parties at a total consideration of RMB1,604,000, with insignificant loss recognised in the consolidated statement of profit or loss and other comprehensive income.

(c) During the year ended 31 December 2023 and 2024, no dividend was received from associates.

(d) Pursuant to the shareholders' agreement, the Group has 10% voting right at the shareholders' meeting and the board of directors of Qingdao Haihui, the governing body which directs the relevant activities that significantly affect the returns, consists of seven directors of which the Group and other two shareholders can appoint two directors, four directors and one director, respectively. The approval of relevant activities require a simple majority of directors' votes, therefore, Qingdao Haihui is accounted for as an associate of the Group.

18. INTERESTS IN ASSOCIATES *(Continued)*

Summarised financial information in respect of the Group's associates prepared in accordance with HKFRS Accounting Standards which is immaterial is set out below:

	2024 **RMB'000**	2023 RMB'000
Information of the associates that is not material:		
The Group's share of profit and other comprehensive income	**1,323**	760

19. INTERESTS IN JOINT VENTURES

	2024 **RMB'000**	2023 RMB'000
Cost of investments, unlisted	**100,121**	100,121
Share of post-acquisition results, net of dividends received	**(16,896)**	15,869
	83,225	115,990

Particulars of the Group's interests in principal joint venture at the reporting dates are as follows:

Name of entities	**Place of incorporation/ establishment**	**Place of operation**	**Equity interest attributable to the Group**		**Proportion of voting power held by the Group**		**Principal activities**
			2024	2023	**2024**	2023	
深圳懿軒科技有限公司 Shenzhen Yixuan Technology Co., Ltd. ("Shenzhen Yixuan") (note a)	PRC	PRC	**46%**	46%	**46%**	46%.	Provision of parking services

	深圳懿軒	
	2024 **RMB'000**	2023 RMB'000
Current assets	**273,407**	174,438
Non-current assets	**308,737**	318,157
Current liabilities	**515,348**	419,967
Non-current liabilities	**–**	–
Revenue	**4,356**	27,163
(Loss)/profit and total comprehensive (expense)/income for the year	**(5,832)**	11,837

19. INTERESTS IN JOINT VENTURES *(Continued)*

Notes:

(a) Pursuant to the amended shareholder's agreement, the Group has 46% voting right at the shareholder's meeting of Shenzhen Yixuan, the governing body which directs the relevant activities that significantly affect the returns of Shenzhen Yixuan. Other than the Group, Shenzhen Yixuan has another two shareholders, which hold the 44% and 10% equity interests in Shenzhen Yixuan, respectively. The approval of relevant activities require two-third of the voting power in the shareholders' meeting, therefore, Shenzhen Yixuan is jointly controlled by the Group and the 44% shareholder Shenzhen Yixuan Technology Co., Ltd.

(b) During the year ended 31 December 2024, the Group has not disposed any interest in joint venture. During the year ended 31 December 2023, the Group has disposed of its interests in certain joint ventures to independent third parties at a total consideration of RMB200,000 with insignificant gain recognised in the consolidated statement of profit or loss and other comprehensive income.

(c) During the year ended 31 December 2023 and 2024, no dividend was received from joint ventures.

Summarised financial information in respect of the Group's joint ventures prepared in accordance with HKFRS Accounting Standards which is immaterial is set out below:

	2024 **RMB'000**	2023 RMB'000
Information of the joint ventures that is not material:		
The Group's share of loss and other comprehensive expense	**(30,082)**	(603)

20. EQUITY INSTRUMENTS DESIGNATED AT FVTOCI

	Note	**2024** **RMB'000**	2023 RMB'000
Unlisted equity investments	(a)	**13,566**	13,282

Note:

(a) These unlisted equity securities represented the investments in certain private entities, which represented the equity interests ranging from 1% to 20% in the investees as at 31 December 2024 and 2023. The investees are mainly engaged in property management services. These investments are not regarded as associate or joint venture of the Group because the Group has no right to appoint directors under such investment arrangements. Details of the fair value measurement of the investments are set out in note 37(c).

21. GOODWILL

	RMB'000
COST	
At 1 January 2023	891,740
Acquisition of subsidiaries (note a)	20,968
Disposal of subsidiaries	(4,894)
At 31 December 2023	907,814
Acquisition of subsidiaries (note a)	2,541
Disposal/deregistration of subsidiaries	(29,141)
At 31 December 2024	881,214
IMPAIRMENT	
At 1 January 2023, 31 December 2023 and 2024	870
CARRYING VALUES	
At 31 December 2024	880,344
At 31 December 2023	906,944

Notes:

(a) During the year ended 31 December 2024, the Group acquired a subsidiary, which engages in property management services in PRC, at a total consideration of RMB1, after consideration of the insignificant net assets acquired, goodwill amounting to approximately RMB2,541,000 was arose on the aforesaid acquisitions.

During the year ended 31 December 2023, the Group acquired certain subsidiaries, which engages in property management services in PRC, at a total consideration of RMB45,003,000, after consideration of the insignificant net assets acquired, goodwill amounting to approximately RMB20,968,000 was arose on the aforesaid acquisitions.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

21. GOODWILL *(Continued)*

For the purpose of impairment testing, goodwill above has been allocated to certain groups of cash-generating units ("CGU"), comprising Shenzhen region, Southern China, Eastern China, Southwestern China, Northwestern China, Northeastern China, Northern China and Central China. As at 31 December 2023 and 2024, the carrying amounts of goodwill (net of accumulated impairment losses) allocated to these groups of CGU are as follows:

	2024 **RMB'000**	2023 RMB'000
Shenzhen region	**9,707**	9,707
Southern China	**199,331**	199,331
Eastern China	**277,090**	302,213
Southwestern China	**248,512**	248,512
Northwestern China	**13,827**	13,827
Northeastern China	**3,512**	5,650
Northern China	**71,099**	71,099
Central China	**57,266**	56,605
	880,344	906,944

During the years ended 31 December 2024, the management of the Group determined that there is no impairment of any of these groups of CGU containing goodwill arising from the acquisition of businesses and/or business combination under non-common control.

The recoverable amounts of the above groups of CGU have been determined based on a value-in-use calculation. The calculation uses cash flow projection based on financial budgets approved by the management covering a five-year period, growth rates in revenue, estimated gross profit, estimated profit before tax and discount rates as at 31 December 2024 and 2023.

Cash flow projections during the budget period for the groups of CGU are based on the management's key estimation of future cash flows including the growth rates in revenue, estimated gross profit, estimated profit before tax and discount rates.

The discount rates reflect specific risks relating to the relevant group of CGU. The growth rates within the five-year period have been based on past experience and management's expectation of market development. The cash flows beyond the five-year period are extrapolated using zero growth rate.

21. GOODWILL *(Continued)*

	2024 RMB'000	2023 RMB'000
Discount rates	**14.6%**	15.3%
Growth rate within the five-year period	**2%-8%**	2% – 8%

The management of the Group believes that any reasonably possible change in the key estimation of the value-in-use calculation would not cause the carrying amounts to exceed its recoverable amounts.

22. INTANGIBLE ASSETS

	Property management contracts and customers' relationship RMB'000
At 1 January 2023, 31 December 2023 and 2024	168,686
AMORTISATION	
At 1 January 2023	167,308
Provided for the year	1,378
At 31 December 2023 and 2024	168,686
CARRYING AMOUNT	
At 31 December 2023 and 2024	–

The property management contracts and customers' relationship were acquired from third parties through the acquisition of subsidiaries and/or business combination under non-common control.

The intangible assets have finite useful lives and are amortised on a straight-line basis over 5 years to 15 years, taking into account the prior experience of the renewal pattern of property management contracts.

23. CONTRACT ASSETS

	2024 **RMB'000**	2023 RMB'000
Unbilled revenue of equipment installation services	**61,514**	63,102
Less: allowance for credit losses	**(36,061)**	(30,774)
	25,453	32,328

As at 1 January 2023, contract assets amounted to RMB39,878,000.

Contract assets mainly represent unbilled revenue of equipment installation services. The unbilled revenue of equipment installation services relate to the installation of energy-saving lighting systems for the communities managed by the Group. The Group allows the customers to settle the installation fee over a 48-month interest-free period. According to the agreements between the Group and the customers, the energy-saving systems are installed in these residential communities and the Group would bill the residential communities at the end of each month over the 48-month period. Upon the rights to consideration for the equipment installation services become unconditional, the amounts are transferred out of contract assets to trade receivables.

Movements of allowance for credit losses

	Lifetime ECL (not credit-impaired) RMB'000	**Lifetime ECL (credit-impaired)** RMB'000	**Total** RMB'000
Balance at 1 January 2023	**1,405**	**4,856**	**6,261**
Impairment loss, net of reversal	**24,513**	**–**	**24,513**
Transfer to credit-impaired	**(15,238)**	**15,238**	**–**
Balance at 31 December 2023	**10,680**	**20,094**	**30,774**
Impairment loss, net of reversal	**5,287**	**–**	**5,287**
Transfer to credit-impaired	**(5)**	**5**	**–**
Balance at 31 December 2024	**15,962**	**20,099**	**36,061**

Details of the impairment assessment are set out in note 37(b).

24. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2024 RMB'000	2023 RMB'000
Trade receivables	**933,882**	858,322
Less: allowance for credit losses	**(185,360)**	(206,514)
	748,522	651,808
Other receivables and prepayments:		
Refundable deposits	**958,420**	962,790
Advances to staffs	**90,404**	93,215
Prepayments to suppliers	**310,623**	242,867
Consideration receivables for disposal of subsidiaries and other equity investments	**97,159**	102,438
Receivables for residential and commercial units rental assistance services on behalf of customers	**79,828**	47,234
Others	**169,058**	168,748
	1,705,492	1,617,292
Less: allowance for credit losses	**(169,688)**	(156,835)
	1,535,804	1,460,457
	2,284,326	2,112,265
Classified as:		
Non-current		
Other receivables	**5,482**	6,007
Current		
Trade receivables	**748,522**	651,808
Other receivables and prepayments	**1,530,322**	1,454,450
	2,278,844	2,106,258
	2,284,326	2,112,265

24. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

Trade receivables are mainly arisen from property management services income from communities under lump sum basis, pre-delivery services and consultancy service arrangement, value-added services income and engineering services income.

Revenue from property management services from communities under lump sum basis are due for payment by property owners upon the issue of demand note, the receiving pattern is normally within 30 days to 1 year after the issue of demand notes to the residents.

Revenue from property management services for pre-delivery services are received in accordance with the terms of the relevant service agreements with the property developers, normally within 30 to 90 days from the issue of demand note.

Revenue from property management services for consultancy service arrangement are received in accordance with the terms of the relevant service agreements with the property management companies, normally within 30 to 90 days from the issue of demand note.

Revenue from value-added services are received in accordance with the terms of the relevant service agreements, normally within 30 to 90 days from the issue of demand note.

Revenue from engineering services are received in accordance with the terms of relevant service agreements, normally within 30 to 90 days from the issue of payment requests.

The following is an aging analysis of trade receivables presented based on the invoice date or date of demand note at the end of the reporting period, which the invoice date or the date of demand note represented the payment due date:

	2024 **RMB'000**	2023 RMB'000
0-30 days	**149,984**	122,044
31-90 days	**118,570**	101,165
91-180 days	**146,846**	117,186
181-365 days	**176,282**	119,626
Over 1 year	**156,840**	191,787
	748,522	651,808

The Group does not hold any collateral over these balances as at 31 December 2024 and 2023.

24. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

Movements of allowance for credit losses in relation to trade receivables

	Lifetime ECL (not credit impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
Balance at 1 January 2023	3,205	199,061	202,266
Impairment loss, net of reversal	573	3,675	4,248
Transfer to credit-impaired	(36)	36	–
Balance at 31 December 2023	**3,742**	**202,772**	**206,514**
Impairment loss, net of reversal	**678**	**(523)**	**155**
Amounts written off	**–**	**(21,309)**	**(21,309)**
Balance at 31 December 2024	**4,420**	**180,940**	**185,360**

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery or when the trade receivables are over two years past due, whichever occurs earlier.

Movements of allowance for credit losses in relation to other receivables

	2024 RMB'000	2023 RMB'000
Balance at the beginning of the year	**(156,835)**	(43,863)
ECL	**(12,853)**	(113,571)
Written off	**–**	599
Balance at the end of the year	**(169,688)**	(156,835)

Details of the impairment assessment are set out in note 37(b).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

25. LOAN RECEIVABLE

	Note	2024 RMB'000	2023 RMB'000
Fixed-rate loans provided to			
– online platform and community-related service companies	(a)	**194,737**	194,737
Less: allowance for credit losses		**(90,952)**	(52,798)
		103,785	141,939

Note:

(a) As at 31 December 2024, the Group has entered into loan agreements with certain independent third parties, which engages in provision of online platform and community-related services, regarding the fund provision of RMB194,737,000 (2023: RMB194,737,000). The loans carry interests ranging from 5% to 15% per annum and will mature in one year and are classified as current assets.

Movements of allowance for credit losses under lifetime ECL in relation to loan receivables

	Lifetime ECL (credit-impaired) RMB'000
Balance at 1 January 2023	63,068
Impairment loss, net of reversal	(10,270)
Balance at 31 December 2023	52,798
Impairment loss, net of reversal	38,154
Balance at 31 December 2024	90,952

Details of the impairment assessment are set out in note 37(b).

26. DEFERRED TAXATION

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the years ended 31 December 2024 and 2023:

	Allowance for credit losses	Temporary difference on contract assets and others	Fair value adjustments of properties	Fair value adjustments of equity instrument designated at FVTOCI	Intangible assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	118,362	9,970	(5,409)	(2,844)	(344)	119,735
Credit to profit or loss	3,377	3,869	375	–	344	7,965
Disposal of equity instruments designated at FVTOCI	–	–	–	(10)	–	(10)
Charge to other comprehensive income	–	–	–	1,483	–	1,483
At 31 December 2023	121,739	13,839	(5,034)	(1,371)	–	129,173
Credit to profit or loss	1,046	1,270	470	–	–	2,786
Charge to other comprehensive income	–	–	–	(71)	–	(71)
At 31 December 2024	122,785	15,109	(4,564)	(1,442)	–	131,888

For the purpose of presentation in the consolidated financial statements, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balance for financial reporting purposes:

	2024	2023
	RMB'000	RMB'000
Deferred tax assets	**132,354**	129,421
Deferred tax liabilities	**(466)**	(248)
	131,888	129,173

The Group had unutilised tax losses of RMB194,896,000 (2023: RMB128,560,000). No deferred tax asset has been recognised in respect of these tax losses due to the unpredictability of future profits streams. The unrecognised tax losses will expire by year 2025-2029.

The Group had deductible temporary difference of RMB1,055,584,000 (2023: RMB989,896,000). A deferred tax asset has been recognised in respect of RMB491,140,000 (2023: RMB486,956,000). No deferred tax asset has been recognised for the remaining amounts of RMB564,444,000 (2023: RMB502,940,000), as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

27. DEPOSITS PAID FOR POTENTIAL ACQUISITION OF SUBSIDIARIES

As at 31 December 2024, the Group has made deposits of RMB123,475,000 (2023: RMB121,776,000) in relation to the proposed acquisition of business through acquisition of certain property management companies from independent third parties. Pursuant to the sale and purchase agreements, in case the aforesaid acquisition is not completed, the deposit would be fully refunded to the Group by the vendors.

28. PAYMENTS/RECEIPTS ON BEHALF OF RESIDENTS

	Notes	2024 RMB'000	2023 RMB'000
Payments on behalf of residents	(a)		
– under commission basis	(c)	**1,160,759**	1,084,062
– under lump sum basis	(d)	**66,564**	79,078
– under consultancy services arrangements	(e)	**295**	295
		1,227,618	1,163,435
Less: allowance for credit losses		**(406,934)**	(406,605)
		820,684	756,830
Receipts on behalf of residents	(b)		
– under commission basis	(c)	**35,423**	164,612
– under lump sum basis	(d)	**12,299**	15,573
		47,722	180,185

Notes:

(a) The balances represent the current accounts with the property management offices of communities, which are the representatives of the residents of communities, managed by the Group. These property management offices of communities usually have no separate bank accounts because these property management offices have no separate legal identity. For the daily management of these property management offices of the communities, all transactions of these property management offices, including the collection of property management fees and the settlement of daily expenditures, were settled through the treasury function of the group entities.

(b) The balances represent the current accounts with individual residents of the communities managed by the Group.

(c) The balances represent the current accounts with the property management companies under commission basis services arrangement, including provision of treasury function by the Group for their management of the communities.

(d) A net receivable balance represents expenditures paid by the Group on behalf of the community, individual residents or property management companies in excess of the property management fees/reimbursements collected from the residents of that community. A net payable balance represents property management fee/reimbursements collected from residents of the community in excess of the expenditures paid by the Group on behalf of the community, individual residents or property management companies.

(e) The balances represent the current accounts with the property management companies under consultancy services management, including provision of treasury function by the Group for their management of the communities.

28. PAYMENTS/RECEIPTS ON BEHALF OF RESIDENTS *(Continued)*

Movements of allowance for credit losses under lifetime ECL in relation to payments on behalf of residents

	Lifetime ECL (not credit impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
Balance at 1 January 2023	8,445	379,621	388,066
Impairment loss, net of reversal	1,254	17,285	18,539
Transfer to credit-impaired	(684)	684	–
Balance at 31 December 2023	9,015	397,590	406,605
Impairment loss, net of reversal	2,848	(2,519)	329
Transfer to credit-impaired	(403)	403	–
Balance at 31 December 2024	11,460	395,474	406,934

The Group writes off payments on behalf of residents for a community when there is information indicating that the community is in severe financial difficulty and there is no realistic prospect of recovery.

Details of the impairment assessment are set out in note 37(b).

29. RESTRICTED BANK DEPOSITS AND BANK BALANCES AND CASH

For both the year ended 31 December 2024 and 2023, the Group's bank balances carry interest at rates which range from 0.10% to 1.35% (2023: from 0.20% to 1.25%) per annum, respectively.

At 31 December 2024, the restricted bank balances represented the balance of RMB55,084,000 (2023: RMB50,269,000) which was frozen under court notice in relation to the unfinalised legal proceedings.

30. TRADE AND OTHER PAYABLES AND ACCRUALS

	2024 RMB'000	2023 RMB'000
Trade payables	**500,012**	378,876
Other payables and accruals:		
Deposits received	**45,580**	44,844
Accrued staff costs	**128,097**	118,833
Provision for social insurance contributions	**20,031**	20,970
Other tax payable	**9,777**	8,462
Other payables and accruals	**13,679**	17,894
	217,164	211,003
Total	**717,176**	589,879

The credit period granted by suppliers to the Group ranges from 30 to 180 days. The following is an aging analysis of trade payables presented based on the invoice date at the end of each reporting period:

	2024 RMB'000	2023 RMB'000
0-60 days	**240,934**	166,870
61-180 days	**165,423**	156,228
181-365 days	**81,005**	45,885
Over 1 year	**12,650**	9,893
	500,012	378,876

31. CONTRACT LIABILITIES

	2024 **RMB'000**	2023 RMB'000
Advances from customers:		
Property management services	**326,645**	249,366
Value-added services	**10,246**	3,976
	336,891	253,342

As at 1 January 2023, contract liabilities amounted to RMB182,678,000.

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

	Property management services RMB'000	**Value-added services** RMB'000	**Total** RMB'000
Revenue recognised that was included in the contract liabilities at the beginning of the year ended 31 December 2024	249,366	3,976	253,342

	Property management services RMB'000	**Value-added services** RMB'000	**Total** RMB'000
Revenue recognised that was included in the contract liabilities at the beginning of the year ended 31 December 2023	177,815	2,944	180,759

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

When the Group receives the monthly property management service fee from customers in advance, it will give rise to contract liabilities, until the revenue recognised on the relevant contract upon provision of property management services, which are expected to be completed within one year from the date of advance payment made by customers.

When the Group receives a deposit before equipment installation commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit, which are expected to be completed within two year from the date of advance payment made by customers.

The Group has applied the practical expedient in HKFRS 15 and has not considered the financing component of contracts within services are expected to be rendered within one year from the date of payment made by customers.

32. LEASE LIABILITIES

	2024 RMB'000	2023 RMB'000
Lease liabilities payable:		
Within one year	**9,416**	8,093
More than one year but not more than two years	**5,255**	7,820
More than two years but not more than five years	**10,558**	8,447
More than five years	**3,945**	3,391
	29,174	27,751
Less: Amount due for settlement within one year shown under current liabilities	**(9,416)**	(8,093)
Amount due for settlement after one year shown under non-current liabilities	**19,758**	19,658

33. SHARE CAPITAL

	Number of shares '000	Amount HKD'000
Ordinary shares of HKD0.1 each		
Authorised:		
At 1 January 2023, 31 December 2023 and 2024	50,000,000	5,000,000
Issued and fully paid:		
At 1 January 2023, 31 December 2023 and 2024	1,487,526	148,753

	Amount RMB'000
Shown in the consolidated statement of financial position:	
At 31 December 2023 and 2024	120,750

34. SHARE OPTION SCHEMES

The Company's share option scheme (the "Colour Life's Scheme") was adopted pursuant to a resolution passed on 11 June 2014 for the primary purposes of providing incentives to directors of the Company, certain employees of the Group and non-controlling shareholders of certain subsidiaries ("Eligible Persons"). Under the Colour Life's Scheme, the Board of Directors of the Company is authorised to grant options at a consideration of HKD1 per option to the Eligible Persons to subscribe for shares in the Company.

The maximum number of shares which may be issued upon exercise of all options to be granted under the Colour Life's Scheme ("Colour Life's Options") and any other share option schemes of the Company shall not, in the absence of shareholders' approval, in aggregate exceed 10% of the shares of the Company in issue at any point in time. Colour Life's Options granted to a substantial shareholder or an independent non-executive director in excess of 0.1% of the Company's share capital or with a value in excess of HKD5 million must be approved in advance by the Company's shareholders.

The exercisable period of an option is determined by the directors at their discretion. The expiry date of the option may be determined by the Board of Directors of the Company which shall not be later than the expiry day of the Colour Life's Scheme.

The exercise price is determined by the directors of the Company, and will not be less than the greater of: (i) the closing price of the Company on the offer date; (ii) the average of the closing price of the Company's shares for the five trading days immediately preceding the offer of the options and (iii) the nominal value per share of the Company.

As at 31 December 2024, the total number of shares to be issued upon the exercise of all options granted under the Colour Life's Scheme is 34,960,000 (2023: 45,532,000) of HKD0.1 each, representing 2.35% (2023: 3.06%) of the issued share capital of the Company.

Details of the share options granted under the Colour Life's Scheme is as follows:

Category of grantees	Date of grant	Exercise price per share	Vesting period	Exercisable period
Directors	30 April 2015	HKD11.00	30/4/2015-29/4/2016	30/4/2016-29/4/2025
			30/4/2015-29/4/2017	30/4/2017-29/4/2025
			30/4/2015-29/4/2018	30/4/2018-29/4/2025
	18 March 2016	HKD5.76	18/3/2016-17/3/2017	18/3/2017-17/3/2026
			18/3/2016-17/3/2018	18/3/2018-17/3/2026
			18/3/2016-17/3/2019	18/3/2019-17/3/2026
	27 November 2018	HKD4.11	27/11/2018-26/11/2019	27/11/2019-26/11/2029
			27/11/2018-26/11/2020	27/11/2020-26/11/2029
			27/11/2018-26/11/2021	27/11/2021-26/11/2029
Employees and non-controlling shareholders of certain subsidiaries	30 April 2015	HKD11.00	30/4/2015-29/4/2016	30/4/2016-29/4/2025
			30/4/2015-29/4/2017	30/4/2017-29/4/2025
			30/4/2015-29/4/2018	30/4/2018-29/4/2025
	18 March 2016	HKD5.76	18/3/2016-17/3/2017	18/3/2017-17/3/2026
			18/3/2016-17/3/2018	18/3/2018-17/3/2026
			18/3/2016-17/3/2019	18/3/2019-17/3/2026
	27 November 2018	HKD4.11	27/11/2018-26/11/2019	27/11/2019-26/11/2028
			27/11/2018-26/11/2020	27/11/2020-26/11/2028
			27/11/2018-26/11/2021	27/11/2021-26/11/2028

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

34. SHARE OPTION SCHEMES *(Continued)*

The following table discloses movements of the Company's share options held by directors of the company, employees of the Group and non-controlling shareholders of certain subsidiaries during the years ended 31 December 2024 and 2023:

Category of grantees	Date of grant	Vesting period	Outstanding at 1 January 2023 '000	Granted during the year '000	Lapsed during the year '000	Exercised during the year '000	Outstanding at 31 December 2023 '000	Granted during the year '000	Lapsed during the year '000	Cancelled during the year '000	Exercised during the year '000	Outstanding at 31 December 2024 '000
Directors	29 September 2014	N/A	362	–	(362)	–	–	–	–	–	–	–
		29/9/2014-28/9/2015	837	–	(366)	–	471	–	–	(471)	–	–
		29/9/2014-28/9/2016	838	–	(366)	–	472	–	–	(472)	–	–
		29/9/2014-28/9/2017	331	–	(66)	–	265	–	–	(265)	–	–
	30 April 2015	30/4/2015-29/4/2016	179	–	(130)	–	49	–	–	–	–	49
		30/4/2015-29/4/2017	179	–	(130)	–	49	–	–	–	–	49
		30/4/2015-29/4/2018	275	–	(205)	–	70	–	–	–	–	70
	18 March 2016	18/3/2016-17/3/2017	272	–	(231)	–	41	–	–	–	–	41
		18/3/2016-17/3/2018	271	–	(231)	–	40	–	–	–	–	40
		18/3/2016-17/3/2019	273	–	(232)	–	41	–	–	–	–	41
	27 November 2018	27/11/2018-26/11/2019	871	–	(125)	–	746	–	–	–	–	746
		27/11/2018-26/11/2020	870	–	(125)	–	745	–	–	–	–	745
		27/11/2018-26/11/2021	903	–	(127)	–	776	–	–	–	–	776
			6,461	–	(2,696)	–	3,765	–	–	(1,208)	–	2,557
Employees and non-controlling shareholders of certain subsidiaries	29 September 2014	N/A	1,621	–	(782)	–	839	–	–	(839)	–	–
		29/9/2014-28/9/2015	3,486	–	(127)	–	3,359	–	–	(3,359)	–	–
		29/9/2014-28/9/2016	3,486	–	(127)	–	3,359	–	–	(3,359)	–	–
		29/9/2014-28/9/2017	1,799	–	(127)	–	1,672	–	–	(1,672)	–	–
	30 April 2015	30/4/2015-29/4/2016	3,130	–	(273)	–	2,857	–	(30)	–	–	2,827
		30/4/2015-29/4/2017	3,129	–	(273)	–	2,856	–	(30)	–	–	2,826
		30/4/2015-29/4/2018	3,129	–	(273)	–	2,856	–	(30)	–	–	2,826
	18 March 2016	18/3/2016-17/3/2017	3,239	–	(113)	–	3,126	–	(15)	–	–	3,111
		18/3/2016-17/3/2018	3,239	–	(114)	–	3,125	–	(15)	–	–	3,110
		18/3/2016-17/3/2019	3,237	–	(114)	–	3,123	–	(15)	–	–	3,108
	27 November 2018	27/11/2018-26/11/2019	4,907	–	(42)	–	4,865	–	–	–	–	4,865
		27/11/2018-26/11/2020	4,907	–	(42)	–	4,865	–	–	–	–	4,865
		27/11/2018-26/11/2021	4,907	–	(42)	–	4,865	–	–	–	–	4,865
			44,216	–	(2,449)	–	41,767	–	(135)	(9,229)	–	32,403
Total			50,677	–	(5,145)	–	45,532	–	(135)	(10,437)	–	34,960
Exercisable at the end of the year			50,677				45,532					34,960
Weighted average exercise price (HKD)			6.46				6.36					6.26

Note: During the year ended 31 December 2024, 135,000 (2023: 5,145,000) share options to employees were lapsed and 10,437,000 (2023: Nil) share options to employees were cancelled.

34. SHARE OPTION SCHEMES *(Continued)*

The closing price of the shares on the date of grant was HKD6.66 on 29 September 2014, HKD10.88 on 30 April 2015, HKD5.76 on 18 March 2016 and HKD4.11 on 27 November 2018, respectively. Binomial Option – Pricing Model had been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the Company's best estimate. The value of an option varies with different variables of certain subjective assumptions. The inputs into the model are as follows:

	27 November 2018	18 March 2016	30 April 2015	29 September 2014
Market price	HKD4.11	HKD5.76	HKD10.88	HKD6.66
Exercise price	HKD4.11	HKD5.76	HKD11.00	HKD6.66
Expected volatility	50.79%	46.2%	46.26%	48.82%
Expected life	10 years	10 years	10 years	10 years
Risk-free rate	2.28%	1.27%	1.63%	2.01%
Expected dividend yield	3.65%	1.55%	0.83%	0.01%

Expected volatility was determined by using the historical volatility of the daily share price of comparable companies.

The estimated fair value of the options at the date of grant was RMB114,820,000 on 29 September 2014, RMB104,714,000 on 30 April 2015, RMB72,023,000 on 18 March 2016 and RMB24,625,000 on 27 November 2018, respectively. No expense was recognised for the year ended 31 December 2024 (2023: Nil) in relation to share options granted by the Company.

35. SHARE AWARD SCHEME

The Board of Directors of the Company has adopted a share award scheme (the "Share Award Scheme") on 4 July 2016 for certain employees of the Group and consultants to the Group as incentives or rewards for their contribution to the Group by way of the Company's shares acquired by and held through an independent trustee appointed by the Company (the "Trustee") until fulfilment of special conditions before vesting.

During the years ended 31 December 2024 and 2023, no shares held for the Share Award Scheme were awarded.

36. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year. The capital structure of the Group consists of net debts, which includes lease liabilities, amounts due to related parties as disclosed in note 45(b), net of cash and cash equivalents, and equity attributable to owners of the Company comprising share capital and reserves. In managing the Group's capital structure, the management will also monitor the utilisation of borrowings to ensure compliance with financial covenants.

The management of the Group reviews the capital structure periodically and considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the directors of the Company will balance its overall capital structure through new share issues and payment of dividends as well as the issue of new debt or the redemption of existing debt.

37. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2024 **RMB'000**	2023 RMB'000
Financial assets		
Financial assets at amortised cost	**3,957,509**	3,892,676
Equity instruments designated at FVTOCI	**13,566**	13,282
Financial liabilities		
Amortised cost	**719,187**	683,009

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, loan receivables, amounts due from related parties, equity instruments designated at FVTOCI, restricted bank deposits, bank balances and cash, receipts/payments on behalf of residents, trade and other payables, amounts due to related parties and lease liabilities. Details of these financial instruments are disclosed in respective notes.

The management of the Group monitors and manages the financial risks relating to the operations of the Group through internal risk assessment which analyses exposures by degree and magnitude of risks. The risks included market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

37. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk

(i) Currency risk

The Group has bank balances which are denominated in foreign currencies of the relevant group entities, hence is exposed to exchange rate fluctuations.

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

	2024	2023
	RMB'000	RMB'000
Assets		
HKD	**9,878**	9,583

The Group currently does not enter into any derivative contracts to minimise the currency risk exposure. However, the management will consider hedging significant currency risk should the need arise.

Sensitivity analysis

The Group mainly exposes to the effects of fluctuation in HKD and USD against RMB.

The following table details the Group's sensitivity to a 10% (2023: 10%) increase and decrease in the RMB against the relevant foreign currencies. 10% (2023: 10%) is the sensitivity rate used in the current year in respect of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates. The sensitivity analysis includes bank balances. A negative number indicates a decrease in profit for the year where the RMB strengthens 10% against the relevant currencies. For a 10% weakening of the RMB against the relevant currencies, there would be an equal and opposite impact on the loss.

37. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk (Continued)

(i) Currency risk *(Continued)*

Foreign currency sensitivity analysis

	2024 **RMB'000**	2023 RMB'000
HKD		
Increase in loss for the year	**(988)**	(958)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the years.

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risks due to the fluctuation of the prevailing market interest rate on restricted bank deposits and bank balances. It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk. The Group's exposures to interest rates on financial liabilities are detailed in liquidity risk management section of this note. The Group's cash flow interest risk is mainly concentrated on the fluctuation of benchmark quoted by the leading banks for the borrowings.

The Group is exposed to fair value interest rate risk in relation to, lease liabilities and fixed-rate loan receivables (see notes 32, 25). The Group currently does not have interest rate hedging policy. However, the Group monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

Bank balances and restricted bank deposits

The sensitivity analysis below has been determined based on the exposure to interest rate for the bank balances and restricted bank deposits at the end of the reporting period. A 25 basis points increase or decrease for the year ended 31 December 2024 (2023: 25 basis points) is used and represents management's assessment of the reasonably possible change in interest rates.

If the interest rates had been higher/lower by 25 basis points during the year and all other variables were held constant, the Group's loss for the year would have increased/decreased by RMB2,495,000 (2023: RMB1,980,000).

37. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment

As at 31 December 2024 and 2023, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

Trade receivables arising from contracts with customers

In order to minimise the credit risk, the Group uses debtors' aging to assess the customers' abilities to settle the debtors in accordance with the contractual terms on a timely basis and monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade receivables based on provision matrix. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group had no concentration of credit risk in respect of trade receivables with exposure spread over a number of customers.

Payments on behalf of residents and contract assets

In order to minimise the credit risk, the Group applies internal credit rating for its customers on payments on behalf of residents and contract assets on a timely basis and has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on payments on behalf of residents and contract assets based on collective basis. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group had no concentration of credit risk in respect of the payments on behalf of residents and contract assets with exposure spread over a number of counterparties. The payments on behalf of residents and contract assets from each counterparty contributed less than 10% of payments on behalf of residents and contract assets at the end of the reporting period.

Other receivables, loan receivables and amounts due from related parties and bank balances

The credit risk of other receivables, loan receivables, amounts due from related parties are managed through an internal process. The credit quality of each counterparty is investigated before an advance is made. The Group also actively monitors the outstanding amounts owed by each debtor and identifies any credit risks in a timely manner in order to reduce the risk of a credit related loss. Further, the Group closely monitors the financial performance of the related parties, including fellow subsidiaries, non-controlling shareholders of the subsidiaries, associates, joint ventures and other related parties.

The loan receivables and amount due from a joint venture are assessed for ECL individually.

The Group's credit risk on liquid funds is limited because the counterparties are banks with high credit ratings and good reputation established in the PRC and Hong Kong.

In addition, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information, including historical experience and forward-looking information that is available without undue cost or effort in accordance with the requirements of HKFRS 9.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

37. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment (Continued)

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

	External credit rating	Internal credit rating	Notes	12m or life-time ECL	2024 Gross carrying amount RMB'000	2023 Gross carrying amount RMB'000
Financial assets at amortised cost						
– Trade receivables	N/A	(i)	24	Life-time ECL (provision matrix)	272,974	226,951
				Life-time ECL (credit-impaired and provision matrix)	660,908	631,371
					933,882	858,322
– Payments on behalf of residents	N/A	(ii)	28	Life-time ECL (collective basis)	541,523	509,420
				Life-time ECL (credit-impaired and collective basis)	686,095	654,015
					1,227,618	1,163,435
– Loan receivables	N/A	(v)	25	12m ECL	100,000	138,000
				Life-time ECL (credit-impaired)	94,737	56,737
					194,737	194,737
– Amount due from related parties	N/A	(iv)	45(b)	12m ECL Life-time ECL (credit-impaired)	358,941	479,818
– Other receivables	N/A	(vi)	24/45(b)	12m ECL Life-time ECL (credit-impaired)	1,394,869	1,118,208
– Restricted bank balances and bank balances	AAA	N/A	29	12m ECL	1,049,203	998,173
Contract assets	N/A	(iii)	23	Life-time ECL (collective basis)	40,357	41,950
				Life-time ECL (credit-impaired and collective basis)	21,157	21,152
					61,514	63,102

37. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment (Continued)

Notes:

(i) Trade receivables

As part of the Group's credit risk management, the Group applies internal credit rating for trade receivables based on debtors' aging to assess the impairment for its customers because these customers consist of a large number of individual customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk and ECL for trade receivables which are assessed collectively based on provision matrix as at 31 December 2024 and 2023.

		2024			2023		
	Category	**Average loss rate**	**Gross carrying amount RMB'000**	**Impairment loss allowance RMB'000**	Average loss rate	Gross carrying amount RMB'000	Impairment loss allowance RMB'000
0-30 days	Not credit-impaired	**0.5%**	**150,737**	**753**	0.5%	122,657	613
31-90 days	Not credit-impaired	**3.0%**	**122,237**	**3,667**	3.0%	104,294	3,129
91-180 days	Credit-impaired	**6.0%**	**156,219**	**9,373**	6.0%	124,666	7,480
181-365 days	Credit-impaired	**15.0%**	**207,391**	**31,109**	15.0%	140,736	21,110
1-2 years	Credit-impaired	**35.0%**	**241,293**	**84,453**	35.0%	295,057	103,270
Over 2 years	Credit-impaired	**100.0%**	**56,005**	**56,005**	100.00%	70,912	70,912
			933,882	**185,360**		858,322	206,514

The expected average loss rate are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking macroeconomic data that is available without undue cost or effort.

(ii) Payments on behalf of residents

As part of the Group's credit risk management, the Group applies internal credit rating for its customers on payments on behalf of residents on a timely basis. The Group uses four categories for those receivables which reflect their credit risk.

Category	**Group definition of category**
Type I	Communities which the Group have terminated or plan to terminate or non-renew of the related property management contracts because their financial performance does not meet the Group's expectations. The amounts are credit-impaired and there is no realistic prospect of recovery.
Type II	Communities to which the Group provides the pre-delivery property management services and settled with the property developers before the properties are delivered to owners. The property developer has stronger capability to meet contractual cash flows than individual residents and there is lower risk of default.
Type III	Communities where management offices' property management fee receivables due from residents exceed payments on behalf of residents of the relevant communities. The residents of the communities are diversified and have a low risk of default.
Type IV	Communities where payments on behalf of residents exceed management offices' property management fees receivables due from residents, which indicates the payments on behalf of residents are credit-impaired.

37. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment (Continued)

Notes: *(Continued)*

(ii) Payments on behalf of residents *(Continued)*

The following table provides information about the exposure to credit risk and ECL for payments on behalf of residents which are assessed on collective basis as at 31 December 2024 and 2023.

		2024			2023		
	Category	**Average loss rate**	**Gross carrying amount RMB'000**	**Impairment loss allowance RMB'000**	Average loss rate	Gross carrying amount RMB'000	Impairment loss allowance RMB'000
Type I	Credit-impaired	**95.0%**	**344,340**	**327,123**	95.0%	355,716	337,930
Type II	Not credit-impaired	**5.0%**	**151,127**	**7,556**	5.0%	98,020	4,901
Type III	Not credit-impaired	**1.0%**	**390,396**	**3,904**	1.0%	411,400	4,114
Type IV	Credit-impaired	**20.0%**	**341,755**	**68,351**	20.0%	298,299	59,660
			1,227,618	**406,934**		1,163,435	406,605

The expected average loss rate are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking macroeconomic data that is available without undue cost or effort.

(iii) Contract assets

As part of the Group's credit risk management, the Group applies internal credit rating for its customers on contract assets on a timely basis. The Group uses three categories for those contract assets which reflect their credit risk.

Category	**Group definition of category**
Type I	Communities which the Group consider that low risk of default because the performance of installed engineering equipment meet the Group's expectations and no financial difficulty is identified.
Type II	Communities to which the Group provides the equipment installation services and settled with the property developers before the properties are delivered to owners. The property developer has stronger capability to meet contractual cash flows than individual property management offices and there is lower risk of default.
Type III	Communities which the Group consider that no realistic prospect of recovery because the performance of installed engineering equipment does not meet the Group's expectations or financial difficulty of the property management office is identified. The amounts are credit-impaired and there is no realistic prospect of recovery

37. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment (Continued)

Notes: *(Continued)*

(iii) Contract assets *(Continued)*

The following table provides information about the exposure to credit risk and ECL for contract assets which are assessed on collective basis as at 31 December 2024 and 2023.

		2024			2023		
	Category	**Average loss rate**	**Gross carrying amount RMB'000**	**Impairment loss allowance RMB'000**	Average loss rate	Gross carrying amount RMB'000	Impairment loss allowance RMB'000
Type I	Not credit-impaired	**5%**	**17,117**	**856**	5.0%	27,647	1,383
Type II	Not credit-impaired	**65%**	**23,240**	**15,106**	65.0%	14,303	9,297
Type III	Credit-impaired	**95%**	**21,157**	**20,099**	95.0%	21,152	20,094
			61,514	**36,061**		63,102	30,774

The expected average loss rate are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking macroeconomic data that is available without undue cost or effort.

(iv) Amount due from related parties

During the year ended 31 December 2024, some related parties suffered losses in the sub-leasing business and is in financial difficulty. The Group recognised RMB2,997,000 (2023: reversed RMB20,071,000) credit loss allowance under life-time ECL during the year ended 31 December 2024.

As at 31 December 2024, the accumulated credit loss allowance under life-time ECL was RMB274,529,000 (2023: RMB271,532,000).

(v) Loan receivables

For the purposes of internal credit risk management, the Group applies internal credit rating of loan receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. In the opinion of the directors of the Company, the risk of default by these counterparties is increased and provided RMB38,154,000 (2023: decreased and reversed RMB10,270,000) credit loss allowances during the year ended 31 December 2024.

(vi) Other receivables

For the purposes of internal credit risk management, the Group applies internal credit rating of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. In the opinion of the directors of the Company, the risk of default by these counterparties is significantly increased and the Group provided RMB12,853,000 (2023: RMB113,571,000) credit losses allowances during the year ended 31 December 2024.

37. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk

In the management of liquidity risk, the Group's management monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings and ensures compliance with relative covenants.

The Group relies on borrowings as a significant source of liquidity.

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The undiscounted amount is derived from interest rate curve at the end of each reporting period.

	Weighted average effective interest rate	On demand or less than 3 month	3 months to 1 year	1-5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2024							
Trade and other payables	**–**	**553,870**	**–**	**–**	**–**	**553,870**	**553,870**
Receipts on behalf of residents	**–**	**47,722**	**–**	**–**	**–**	**47,722**	**47,722**
Amounts due to related parties							
– interest-free	**–**	**40,871**	**–**	**–**	**–**	**40,871**	**40,871**
Lease liabilities	**4.2**	**2,946**	**8,471**	**20,051**	**4,357**	**35,825**	**29,174**
		645,409	**8,471**	**20,051**	**4,357**	**678,288**	**671,637**
As at 31 December 2023							
Trade and other payables	–	434,572	–	–	–	434,572	434,572
Receipts on behalf of residents	–	180,185	–	–	–	180,185	180,185
Amounts due to related parties							
– interest-free	–	40,501	–	–	–	40,501	40,501
Lease liabilities	6.16	2,407	7,221	19,174	3,777	32,579	27,751
		657,665	7,221	19,174	3,777	687,837	683,009

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes is variable interest rates differ to those estimates of interest rate determined at the end of the reporting period.

37. FINANCIAL INSTRUMENTS *(Continued)*

(c) Fair value

Fair values of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

The following table gives information about the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Fair value as at 31 December		**Fair value hierarchy as at 31 December**	
	2024	2023	**2024**	2023
	RMB'000	RMB'000	**RMB'000**	RMB'000
Equity instruments designated at FVTOCI	**13,566**	13,282	**Level 3**	Level 3

As at 31 December 2024 and 2023, the fair value of equity instruments designated at FVTOCI is estimated by an independent valuer through application of generally accepted pricing models based on discounted cash flow analysis, which involved key estimates of expected future financial performance and discount rates.

38. ACQUISITIONS OF SUBSIDIARIES

For the year ended 31 December 2024

Name of subsidiary acquired	**Consideration** RMB'000	**Acquisition date**	**Equity interest acquired**	**Principal activities**
Wuhan New Greenland Property Service Co., Ltd (the "Wuhan New Greenland")	–	08-April-24	100%	Provision of property management services

As 8 April 2024, Shenzhen Colour Life Services Group Co., Limited, a subsidiary of the Company entered into an equity transfer agreement with an independent third party for the acquisition of 100% equity interest in Wuhan New Greenland. After the completion of this acquisition, Wuhan New Greenland become a wholly-owned subsidiary of the Group.

The principal activities of acquired subsidiary are engaged in provision of property management services and value-added services and the objectives of acquisition are expansion of property management services and value-added services of the Group.

Total consideration transferred

	Wuhan New Greenland RMB'000
Cash (Note)	–

Note:

The cash consideration of an acquisition of Wuhan New Greenland was RMB1.

Acquisition-related costs were insignificant and have been excluded from the cost of acquisition and were recognised as an expense in the year incurred within the "administrative expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

Assets and liabilities recognised at the date of acquisition are as follows:

	Wuhan New Greenland RMB'000
Property, plant and equipment	3
Other receivables and prepayments	224
Other payables and accruals	(2,768)
	(2,541)

The other receivables and prepayments acquired with a fair value of RMB224,000 as at the date of acquisition during the year ended 31 December 2024, are approximate to gross contractual amount, with no significant contractual cash flows not expected to be collected.

38. ACQUISITIONS OF SUBSIDIARIES *(Continued)*

For the year ended 31 December 2024 *(Continued)*

Goodwill arising on acquisition

	Wuhan New Greenland
	RMB'000
Consideration transferred	–
Less: Fair value of net identifiable assets acquired	(2,541)
	2,541

Goodwill was arisen on the acquisition of subsidiary during the year ended 31 December 2024, because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefits of expected synergies, revenue growth, future market development and the assembled workforce of the business.

None of the Intangible assets in relation to the acquisition of subsidiary under property management services have been recognised by the Group.

None of the goodwill arising on the acquisition are expected to be deductible for tax purposes.

Name of subsidiary acquired	**Consideration**	**Acquisition date**	**Equity interest acquired**	**Principal activities**
	RMB'000			
Sichuan Sanyanghong Industrial Co., Ltd. (the "Sichuan Sanyanghong")	–	02-Jan-24	100%	Provision of elderly care and home care services

As 2 January 2024, Shenzhen Colour Life Network Co., Ltd., a subsidiary of the Company entered into an equity transfer agreement with a wholly-owned subsidiary of Fantasia for the acquisition of 100% equity interest in Sichuan Sanyanghong. After the completion of this acquisition, Sichuan Sanyanghong become a wholly-owned subsidiary of the Group.

The principal activities of acquired subsidiaries are engaged in provision of elderly care and home care services and value-added services and the objectives of acquisition are expansion of elderly care and home care services and value added services of the Group.

38. ACQUISITIONS OF SUBSIDIARIES *(Continued)*

For the year ended 31 December 2024 *(Continued)*

Total consideration transferred

	Sichuan Sanyanghong RMB'000
Cash	3,400

Acquisition-related costs were insignificant and have been excluded from the cost of acquisition and were recognised as an expense in the year incurred within the "administrative expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

Assets and liabilities recognised at the dates of acquisition are as follows:

	Sichuan Sanyanghong RMB'000
Property, plant and equipment	5,122
Right-of-use assets	8,257
Other receivables and prepayments	3,094
Trade payables	(50)
Lease liabilities	(9,803)
Contract liabilities	(523)
Other payables and accruals	(2,197)
	3,900

For the year ended 31 December 2023

Name of subsidiary acquired	**Consideration** RMB'000	**Acquisition date**	**Equity interest acquired**	**Principal activities**
Changsha Mission Hills Property Services Limited (the "Changsha Mission Hills")	22,500	31-Dec-23	60%	Provision of property management services

As 12 December 2023, Shenzhen Colour Life Services Group Co., Limited, a subsidiary of the Company entered into an equity transfer agreement with an independent third party for the acquisition of 60% equity interest in Changsha Mission Hills, an associate of the Group before the completion of acquisition. After the completion of this acquisition, Changsha Mission Hills become a non wholly-owned subsidiary of the group, holding 80% of the equity interest in Changsha Mission Hills.

38. ACQUISITIONS OF SUBSIDIARIES *(Continued)*

For the year ended 31 December 2023 *(Continued)*

The principal activities of acquired subsidiaries are engaged in provision of property management services and value-added services and the objectives of acquisition are expansion of property management services and value-added services of the Group.

Total consideration transferred

	Changsha Mission Hills RMB'000
Cash	–
Deposits paid in prior years	22,500
	22,500

Acquisition-related costs were insignificant and have been excluded from the cost of acquisition and were recognised as an expense in the year incurred within the "administrative expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

Assets and liabilities recognised at the dates of acquisition are as follows:

	Changsha Mission Hills RMB'000
Property, plant and equipment	77
Trade receivables	13,619
Other receivables and prepayments	18,226
Bank balances and cash	3,964
Contract liabilities	(3,037)
Trade payables	(5,794)
Other payables and accruals	(9,687)
Tax liabilities	(3,825)
	13,543

The trade receivables and other receivables acquired with a fair value of RMB31,845,000 as at the date of acquisitions during the year ended 31 December 2023, are approximate to gross contractual amount, with no significant contractual cash flows not expected to be collected.

The fair value of intangible assets acquired in business combination is estimated by an independent valuer through application of income approach. This approach estimates the future economic benefits and costs attributed to the property management contracts and the customer relationship of the acquirees. The economic benefits and related costs are in turn projected over the expected survival period, taking into consideration of the attrition rate, the growth rate and the discount rate.

38. ACQUISITIONS OF SUBSIDIARIES *(Continued)*

For the year ended 31 December 2023 *(Continued)*

Goodwill arising on acquisitions

	Changsha Mission Hills RMB'000
Consideration transferred	22,500
Add: Non-controlling interests	2,709
Add: Equity instruments designated at FVTOCI	7,460
Less: Fair value of net identifiable assets acquired	(13,543)
	19,126

The non-controlling interests arising from the acquisition of respective subsidiaries were measured by reference to the proportionate share of the acquirees' net identifiable assets/liabilities at the acquisition dates.

Goodwill was arisen on the acquisitions of subsidiaries during the year ended 31 December 2023, because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefits of expected synergies, revenue growth, future market development and the assembled workforce of the business.

None of the Intangible assets in relation to the acquisition of subsidiary under property management services have been recognised by the Group.

None of the goodwill arising on the acquisitions are expected to be deductible for tax purposes.

Net cash outflows arising on acquisitions

	RMB'000
Cash consideration paid	**–**
Less: bank balances and cash acquired	**(3,964)**
	(3,964)

At 30 September 2023, Shenzhen Colour Life Property Management Co., Ltd., a subsidiary of the Group entered into an acquisition agreement with an independent third party for obtaining 65% equity interest in Beijing Haocheng ("Beijing Haocheng") through capital injection of RMB15,043,000. As at the date of capital injection, the fair value of net identifiable assets of Beijing Haocheng was RMB20,309,000. The goodwill amounting to approximately of RMB1,842,000 was arose on the aforesaid acquisitions.

39. DISPOSAL OF SUBSIDIARIES

For the year ended 31 December 2024

During the year ended 31 December 2024, the Group disposed its equity interests in certain subsidiaries, which engaged in property management business in the PRC, to independent third parties at a total consideration of RMB1.

The above transactions are accounted for as disposal of subsidiaries. Details of the net assets disposed of in respect of these transactions are summarised below:

Huludao Wanxia Property Management Co., Ltd. (the "Huludao Wanxia")	**Property management services** RMB'000
Analysis of assets and liabilities over which control was lost	
Property, plant and equipment	8
Trade and other receivables	390
Bank balances and cash	1
Trade and other payables	(3,763)
Tax liabilities	(443)
Net liabilities disposed of	**(3,807)**
Loss on disposal of Huludao Wanxia	
Cash consideration	–
Less: goodwill	1,680
Less: non-controlling interests	761
Less: net liabilities disposed of	(3,807)
Gian on disposal of Huludao Wanxia	1,366

39. DISPOSAL OF SUBSIDIARIES *(Continued)*

Hangzhou Zhuosheng Property Management Co., Ltd (the "Hangzhou Zhuosheng")	**Property management services** RMB'000
Analysis of assets and liabilities over which control was lost	
Property, plant and equipment	72
Trade and other receivables	41,519
Bank balances and cash	697
Trade and other payables	(48,059)
Tax liabilities	(2,129)
Net liabilities disposed of	**(7,900)**
Loss on disposal of Hangzhou Zhuosheng	
Consideration transferred	2,667
Less: goodwill	24,840
Less: non-controlling interests	1,580
Less: net liabilities disposed of	(7,900)
Loss on disposal of Hangzhou Zhuosheng	(15,853)

40. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non cash changes. Liabilities arising from financing activities are those for which cash flows were, or the future cash flows will be, classified in the Group's consolidated statement of cash flows from financing activities.

	Lease liabilities RMB'000 (note 32)	Amounts due to related parties (non-trade nature) RMB'000 (note 45(b))	Dividend payables RMB'000	Total RMB'000
At 1 January 2024	27,751	40,501	–	68,252
Financing cash flows	(12,528)	370	(17,169)	(29,327)
Finance costs incurred	2,492	–	–	2,492
Dividends declared	–	–	17,169	17,169
Inception of leases	11,459	–	–	11,459
At 31 December 2024	29,174	40,871	–	70,045
At 1 January 2023	11,445	146,255	–	157,700
Financing cash flows	(8,880)	(105,754)	(16,042)	(130,676)
Finance costs incurred	1,889	–	–	1,889
Dividends declared	–	–	16,042	16,042
Inception of leases	23,297	–	–	23,297
At 31 December 2023	27,751	40,501	–	68,252

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

41. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2024, the Group entered into certain new lease agreements for the use of office premises for 2 to 4 years. On the lease commencement, the Group recognised RMB1,179,000 (2023: RMB23,297,000) for right-of-use assets and RMB1,179,000 (2023: RMB23,297,000) for lease liabilities.

42. CAPITAL AND OTHER COMMITMENTS

	2024 **RMB'000**	2023 RMB'000
Consideration committed in respect of acquisition of subsidiaries contracted for but not provided in the consolidated financial statements	**21,783**	22,883
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**25,447**	27,282

43. RETIREMENT BENEFITS SCHEME

The Group operates Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The Group contributes certain percentage of relevant payroll costs to the Mandatory Provident Fund Scheme, which contribution is matched by employees.

The employees of the PRC entities are members of a state-managed retirement benefits scheme operated by the government of the PRC. The Group is required to contribute 10% to 24% of the total monthly basic salaries of its current employees to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the specified contributions.

For the year ended 31 December 2024, the total expense recognised to the consolidated statement of profit or loss and other comprehensive income of RMB79,736,000 (2023: RMB58,352,000), respectively, represented contributions to the scheme.

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(a) Material subsidiaries of the Company

Particulars of the principal subsidiaries of the Company at the respective reporting date are set out below:

Name of subsidiary	Place of incorporation/ registration/ operation	Issued and fully paid share/ registered capita	Effective interest held by the Group		Principal activities	Legal form
		RMB'000	2024	2023		
Directly held:						
Tong Yuan Holdings Limited	BVI	828,880	**100%**	100%	Investment holding	Limited liability company
Indirectly held:						
深圳市彩生活服務集團有限公司 Shenzhen Colour Life Services Group Co., Limited	PRC	410,759	**100%**	100%	Investment holding	Limited liability company
深圳市彩生活網絡服務有限公司 Shenzhen Colour Life Network Service Co., Ltd.	PRC	290,000	**100%**	100%	Provision of value-added services	Limited liability company
深圳市開元同濟樓宇科技有限公司 Shenzhen Kaiyuan Tongji Building Technology Co., Ltd.	PRC	5,000	**100%**	100%	Provision of value-added services	Limited liability company
深圳市彩生活物業管理有限公司 Shenzhen Colour Life Property Management Co., Ltd.	PRC	310,735	**100%**	100%	Provision of property management services	Limited liability company
重慶泓山物業管理有限公司 Chongqing Hongshan Property Management Co., Ltd.	PRC	7,500	**97%**	97%	Provision of property management services	Limited liability company
成都宏鵬物業管理有限公司 Chengdu Hongpeng Property Management Co., Ltd.	PRC	7,000	**100%**	100%	Provision of property management services	Limited liability company
深圳市安彩華能源科技有限公司 Shenzhen Ancaihua Energy Investment Co., Ltd.	PRC	1,000	**100%**	100%	Provision of value-added services	Limited liability company
上海同涞物業管理有限公司 Shanghai Tonglai Property Management Co., Ltd.	PRC	50,000	**100%**	100%	Provision of property management services	Limited liability company
北京達爾文國際酒店物業管理有限公司 Beijing Darwin International Hotel Property Management Co., Ltd.	PRC	11,000	**100%**	100%	Provision of property management services	Limited liability company
杭州卓盛物業管理有限公司 Hangzhou Zhuosheng Property Management Co., Ltd	PRC	15,000	**27%**	100%	Provision of property management services	Limited liability company
蘇州悅華置合物業服務有限公司 Suzhou Yuehua Zhihe Property Service Co., Ltd	PRC	50,000	**85%**	85%	Provision of property management services	Limited liability company
廣西福來物業服務有限責任公司 Guangxi Fulai Property Service Co., Ltd	PRC	50,000	**80%**	80%	Provision of property management services	Limited liability company

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries had issued debt securities at the end of the year.

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

(b) Composition of the Group

Information about the subsidiaries of the Company that are not material to the Group at the end of each reporting period is as follows:

Principal activities	Principal place of business	Number of subsidiaries	
		2024	2023
Investment holding	Cayman Islands	**2**	2
	BVI	**2**	2
	Hong Kong	**3**	3
	PRC	**6**	6
Provision of property management service	PRC	**115**	121
	Singapore	**–**	1
	Hong Kong	**1**	1
Provision of value-added services	PRC	**24**	20
		153	156

(c) Details of non-wholly owned subsidiaries of the Group that have material non-controlling interests

As at 31 December 2024 and 2023, no non-wholly owned subsidiary of the Group that have material non-controlling interests.

45. RELATED PARTY DISCLOSURES

(a) Related parties transactions

Apart from the related party transactions disclosed elsewhere in these consolidated financial statements, the Group had following significant transactions with related parties:

	2024 RMB'000	2023 RMB'000
Pre-delivery services income		
Fellow subsidiaries	**2,162**	2,752
A joint venture of Fantasia Holdings	**224**	235
Energy-saving services income		
Other related parties	**6**	50
Equipment installation services income		
Fellow subsidiaries	**1,504**	6,242
Value-added services income		
Other related parties	**191**	–

45. RELATED PARTY DISCLOSURES *(Continued)*

(b) Related party balances

At the end of the reporting period, the Group has the following significant balances with related parties:

	2024 **RMB'000**	2023 RMB'000
Amounts due from fellow subsidiaries	**10,265**	15,194
Amounts due from associates	**18,294**	50,966
Amounts due from joint ventures	**31,538**	88,910
Amounts due from other related parties	**24,315**	53,216
	84,412	208,286

	2024 **RMB'000**	2023 RMB'000
Amounts due from fellow subsidiaries		
Non-trade nature	**–**	6,885
Trade nature	**10,265**	8,309
	10,265	15,194
Amounts due from associates		
Non-trade nature	**18,062**	50,774
Trade nature	**232**	192
	18,294	50,966
Amounts due from joint ventures		
Non-trade nature	**31,538**	88,910
Amounts due from other related parties		
Non-trade nature	**24,252**	53,205
Trade nature	**63**	11
	24,315	53,216

45. RELATED PARTY DISCLOSURES *(Continued)*

(b) Related party balances *(Continued)*

	2024 **RMB'000**	2023 RMB'000
Amounts due to fellow subsidiaries	**11,507**	16,226
Amounts due to associates	**27,057**	21,316
Amounts due to joint ventures	**2,164**	2,164
Amounts due to other related parties	**143**	795
	40,871	40,501

	2024 **RMB'000**	2023 RMB'000
Amounts due to fellow subsidiaries		
Non-trade nature	**11,507**	16,226
Amounts due to associates		
Non-trade nature	**27,057**	21,316
Amounts due to joint ventures		
Non-trade nature	**2,164**	2,164
Amounts due to other related parties		
Non-trade nature	**143**	795

(c) Compensation of key management personnel

The remuneration of key management personnel during the years ended 31 December 2024 and 2023 were as follows:

	2024 **RMB'000**	2023 RMB'000
Short-term benefits	**11,985**	7,226
Post-employment benefits	**652**	486
	12,637	7,712

The remuneration of key management personnel is determined by reference to the performance of individuals and market trend.

46. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Statement of Financial Position of the Company

	2024 RMB'000	2023 RMB'000
Non-Current Assets		
Investments in subsidiaries	**553,032**	553,032
Amounts due from subsidiaries	**1,886,917**	1,879,879
	2,439,949	2,432,911
Current Assets		
Other receivables and prepayments	**7,058**	5,979
Amount due from a related party	**1**	1
Bank balances and cash	**3,915**	6,078
	10,974	12,058
Current Liabilities		
Other payables	**4,636**	3,594
Amounts due to subsidiaries	**206,809**	204,691
	211,445	208,285
Net Current Liabilities	**(200,471)**	(196,227)
Total Assets Less Current Liabilities	**2,239,478**	2,236,684
Net Assets	**2,239,478**	2,236,684
Capital and Reserves		
Share capital	**120,750**	120,750
Reserves	**2,118,728**	2,115,934
Total equity	**2,239,478**	2,236,684

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

46. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(Continued)

Movements in reserves

	Share premium RMB'000	Share-based payments reserve RMB'000	Shares held for share award scheme RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2023	1,738,865	243,034	(6,795)	143,071	2,118,175
Loss and total comprehensive expense for the year	–	–	–	(2,241)	(2,241)
At 31 December 2023	1,738,865	243,034	(6,795)	140,830	2,115,934
Profit and total comprehensive income for the year	–	–	–	2,794	2,794
At 31 December 2024	1,738,865	243,034	(6,795)	143,624	2,118,728

47. EVENTS AFTER THE REPORTING PERIOD

Reference is made to the prospectus of the Company dated 3 March 2025 (the "Prospectus") in relation to the rights issue by the Company (the "Rights Issue") on the basis of one (1) rights share (the "Rights Share(s)") for every four (4) existing shares of the Company held on the record date by the qualifying shareholders at the subscription price of HK$0.165 per Rights Share on a non-underwritten basis.

As disclosed in the Company's announcement of 24 March 2025, a total of 371,881,438 Rights Shares have been issued pursuant to the Rights Issue. The gross proceeds of the Rights Issue was approximately HK$61.36 million and the net proceeds was approximately HK$60.36 million, which will be applied by the Group in accordance with the proposed use of proceeds set forth in the section headed "REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND INTENDED USE OF PROCEEDS" in the Prospectus.

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