鑫苑物業服務集團有限公司

Xinyuan Property Management Service (Cayman) Ltd.

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1895

2024

ANNUAL REPORT

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. SHEN Yuan-Ching *(Chairman of the Board)*
Mr. FENG Bo
Mr. WANG Yong *(Chief Financial Officer)*

NON-EXECUTIVE DIRECTOR

Mr. TIAN Wenzhi

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LI Yifan
Mr. LING Chenkai
Mr. LAN Ye
Ms. ZHAO Xia (appointed on 8 April 2024)

AUDIT COMMITTEE

Mr. LI Yifan *(Chairman)*
Mr. LAN Ye
Ms. ZHAO Xia
(appointed on 8 April 2024)
Mr. LING Chenkai
(ceased to be a member on 8 April 2024)

REMUNERATION COMMITTEE

Mr. LING Chenkai *(Chairman)*
Mr. LI Yifan
Mr. SHEN Yuan-Ching

NOMINATION COMMITTEE

Mr. SHEN Yuan-Ching *(Chairman)*
Mr. LAN Ye
Mr. LING Chenkai

COMPANY SECRETARY

Ms. CHAN Charmayne
ACG (CS, CGP), HKACG (CS, CGP)
(appointed on 26 February 2025)
Mr. TSO Ping Cheong Brian
FCPA, FCCA, FCG (CS, CGP), HKFCG (CS, CGP)
(resigned on 26 February 2025)

AUTHORIZED REPRESENTATIVES

Mr. SHEN Yuan-Ching
Ms. CHAN Charmayne
ACG (CS, CGP), HKACG (CS, CGP)
(appointed on 26 February 2025)
Mr. TSO Ping Cheong Brian
FCPA, FCCA, FCG (CS, CGP), HKFCG (CS, CGP)
(resigned on 26 February 2025)

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CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

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Cayman Islands

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LEGAL ADVISERS

As to Hong Kong law:

SIDLEY AUSTIN
39/F, Two Int'l Finance Centre
Central, Hong Kong

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58 Jingsan Road, Jinshui District
Zhengzhou City
Henan Province, PRC

Bank of China
(Zhengzhou Mianfang East Road Branch)
1/F., Xinyuan International City Garden
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Zhengzhou City
Henan Province, PRC

China Everbright Bank
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Zheng Bian Road & Ying Xie Road Junction
Zhengzhou City
Henan Province, PRC

Bank of Zhengzhou
(Zhengzhou Weier Road Branch)
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Zhengzhou City
Henan Province, PRC

Huaxia Bank (Zhengzhou Branch)
29 Shangwu Waihuan Road
Zhengzhou City
Henan Province, PRC

Huaxia Bank (Zhengzhou Nongye Road Branch)
Nongye Road and Dongming Road Intersection
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Henan Province, PRC

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Registered Public Interest Entity Auditor
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Central, Hong Kong

STOCK CODE

1895

COMPANY WEBSITE ADDRESS

www.xypm.hk

HONOURS AND AWARDS

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2024 Leading Companies of China in Campus Property Service

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CHAIRMAN'S STATEMENT

Dear Shareholders,

Thank you for your continued support for Xinyuan Property Management Service (Cayman) Ltd. (the "**Company**" or "**Xinyuan Service**", and together with its subsidiaries, the "**Group**"). On behalf of the board of directors (the "**Board**"), I hereby present the 2024 annual report.

During the past year, the global economic environment was complicated and unpredictable, and the PRC economy was also faced with various challenges. Under the steadfast leadership of the Board, the Company achieved steady business growth and significant enhancement of enterprise value by leveraging its clear strategic planning, excellent execution capability and the unremitting efforts of all employees.

I. CLEARANCE OF RISKS, BURDEN-LIGHT OPERATIONS, AND RETURN TO HIGH QUALITY DEVELOPMENT

Since the restructuring of the Board in 2022, in adherence to the premise of compliance, Xinyuan Service has maintained independent development, systematically resolved the unresolved issues with related parties, gradually reduced related parties' proportion of business, and comprehensively enhanced its abilities in seeking survival and expansion in the market.

In 2024, the Company further optimized its shareholder structure, which increased the shareholding percentage of public shareholders to 40.54% and further strengthened its corporate governance structure, standardized the governance relationship with its controlling shareholders, and, more importantly, established a triple-segregation mechanism for its business, finance and governance, which has completely cut off the risk transmission chain and made the Company a first runner in completing the full clearance of historical unresolved issues.

After the risk clearance, the Company's net profit increased by 212% year-on-year, and its net interest rate returned to a high level for the industry, reaching 10.2%, demonstrating its return to a track of high quality development.

II. QUALITY ENHANCEMENT IN OPERATIONS, COMPREHENSIVE GROWTH AND RECORD-HIGH ACHIEVEMENT IN REVENUE

In 2024, the Company made a historic breakthrough in operating revenue, which amounted to RMB868.87 million, an increase of 16% year-on-year. Its gross profit margin was 28.2%, far exceeding the industry average. Behind these figures, there is a strong proof of our successful implementation of the development logic of "pursuing both scale and efficiency".

In 2024, with the implementation of our development strategy of "management scale + business scale", we not only steadily increased the scale of our property services management, but also completed the implementation of major business strategies such as the integration of the commercial management business, the expansion of value-added community services and the extension of engineering services from incremental business to existing business, laying a solid foundation for us to make meaningful improvements in operating indicators.

Especially in terms of our value-added community services, taking the "full life cycle of residents" and the "full life cycle of properties" as the two cores, we have built five major business clusters, namely leasing and sales services, house beautification services, retail services, purified water services, and doorstep services, which has, by effectively bridging the gap between community needs and service provision, not only delivered exceptional services to our existing property owners, but also cultivated business capabilities in empowerment for external parties. In 2024, revenue of our value-added community services increased by 76% year-on-year, with innovative businesses like leasing and sales services and house beautification services achieving transformative growth from incubation to scalable operations and doubling their revenue.

III. SCALE-DRIVEN GROWTH, IMPROVEMENTS IN BOTH VOLUME AND SPEED, ACCELERATED MARKET DEVELOPMENT

In 2024, the Company deepened the four-wheel drive model of "joint ventures and collaborations, market-oriented bidding, regional expansion, and localised development". It focused on strengthened its presence in expansion regions, and actively expand into new market regions, resulting in significant growth in market expansion performance. By the end of 2024, the Company's contracted gross floor area ("**GFA**") was 64.55 million sq.m., and its GFA under management was 40.13 million sq.m., representing an increase of approximately 17%, which has further accelerated its growth in scale.

In 2024, almost all of the Group's new contracted GFA and GFA under management were from market-oriented third parties. Currently, third parties' share in our cumulative contracted GFA reached 66.7% and their share in our GFA under management was 59.1%. The Group's ability in market-oriented development has been further enhanced, and its independence continues to grow.

Behind the steady growth in scale is our redefinition of the essence of scale. We defined scale as not simply an accumulation of GFA, but an amplifier of efficiency. We used the "four-wheel drive" model to achieve the optimal allocation of resources, further enhanced the management efficiency of GFA through in-depth region expansion, and building up on this, extended the value of diversified services to the realization of resources.

IV. INTEGRATION OF TECHNOLOGY, ECOLOGICAL INCLUSION AND RESTRUCTURING OF BUSINESS VALUE

With the arrival of the “AI” era, technology is further transforming the development logic of industries. As a labor-intensive service industry, the property industry is inevitably facing major upgrades in how it operates and offers service.

In 2024, the Group updated its Xin (鑫) Meta big property management industry metaverse platform to guide the physical world with the digital world. It paid more attention to the role of digital in service experience enhancement, service business innovation and service efficiency improvement, which has realized a good ecological landscape featuring innovative development of the digital-driven, diversified “property +”’ business avenues, greatly improved the productivity of property management, and formed the new quality productivity of property management with unique features.

Meanwhile, the Group adhered to the two major positioning of technological empowerment for large-scale property enterprises and diversified support for small and medium-sized property enterprises. It optimized SCRM products, delivered SaaS services, systematically built up the full-stack technological service capability of the property industry, developed big property management digital solutions, and promoted the industry’s technological innovation, resource integration and model restructuring against the background of digital transition and high quality development with its own practices, helping the industry leap from traditional labor-intensive services to technology-driven productivity.

The value of technology is not only to replace manpower, reduce costs and increase efficiency, but also through the restructuring of the new quality productivity system, to make property services return to its essence, being offering higher quality services with lower costs, thereby promoting the industry’s service efficiency, value exploration, and avenue development to a new level.

V. SERVICE UPGRADES, BRAND DEVELOPMENT, AND INDUSTRY IMPACT ENHANCEMENT

Service capability is the cornerstone for the development of an enterprise. In 2024, based on the needs of its customers, the Group further strengthened its data-driven business capability and service quality, continued to consolidate and enhance its basic service capability, and continued to improve customer service experience and service perception, based on which, the Group’s standardization construction capability, service capability and industry influence were also further upgraded.

In 2024, the Group successfully passed the acceptance of the pilot unit of service industry standardization in Henan Province. In the list of “2025 Top 100 Property Service Satisfaction Companies in China” recently released by a third-party organization, the Group ranked among the Top 8 property companies in China with a comprehensive score of 92.89, which was far higher than the average score of 82.23 of the Top 100 property service satisfaction companies. The Company not only won the title of “Top 100 Chinese Property Service Companies” for the 14th consecutive year, but also maintained a Top 15 leading position in the industry’ comprehensive strength ranking and property company service capacity ranking. In 2024, by virtue of its excellent comprehensive strength and industry reputation, the Company was also successfully elected as the chair unit of the Henan Property Management Association and re-elected as a vice-chair unit of the China Property Management Association. Also in 2024, at the Zhengzhou New Quality Productivity Innovation and Development Conference, the Company was honored to be listed on the “Top 50 Enterprises in Comprehensive Strength” list as the only property company.

In addition, by virtue of its full implementation of the responsibilities for a people’s livelihood industry and its excellent performance in grassroots governance in the community, the Group was awarded 37 honors from government, including the 2024 Leading Chinese Red Property Service Companies, “Build a Better Community” exemplary case from the Ministry of Housing and Urban-Rural Development, and the “Key Enterprises of New Services and New Supply in Henan Province” from the Development and Reform Commission of Henan Province, “Red Property” demonstration point from the Social Work Department of the Henan Provincial Committee and the Department of Housing and Urban-Rural Development of Henan Province, and has achieved a good balance between the value of public services and commercial operation development.

VI. THREE CURVES, STRATEGIC UPGRADING, AND CLEAR GROWTH PATH

Looking ahead, the Group will continue to focus on the three growth curves of management services, scenario value enhancement, and technology empowerment. For management services, we will focus on scale growth and continue to expand and reinforce the fundamentals of property management and commercial management and improve the scale effect and our resource aggregation ability in order to provide steadily growing revenue and cash contribution for the Company’s development. For scenario value enhancement, we will focus on the core needs of community life, build an operating ecosystem based on management services, and with the three major directions of space operation, asset operation and living services, deepen and perfect our core businesses and expand from community to the world outside, thereby forming a core driver for the Company’s profit growth. For technology empowerment, we will focus on the new quality productivity of big property management, and by centering on broad real estate, big property management and XinMeta, gradually build up an industry-empowering ecosystem.

Finally, on behalf of the Board, I would like to extend my sincere gratitude to our shareholders, partners, employees and all sectors of society for their long-term support for the development of the Company. We will continue to develop the new quality productivity of big property management, and promote the Company's sustained and steady development and create greater value for our shareholders with stronger confidence, more pragmatic initiatives and more outstanding execution capability!

SHEN Yuan-ching
Chairman of the Board
31 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

The Group is a comprehensive property management service provider with extensive influence and robust operations. We are committed to offering a pleasant lifestyle as a new productivity development service provider within the big property management sector. In 2024, the Group continued to focus its efforts on driving growth through three key areas: management services, scenario value enhancement, and technology empowerment. As at 31 December 2024, the Group offered property management services across 65 cities in the PRC to over 300,000 families, with contracted gross floor area ("**GFA**") of 64.6 million sq.m., and GFA under management of 40.1 million sq.m..

In terms of the scale expansion of management services, the focus was on expanding the "property management + commercial management" business modules. Based on the quality scale expansion, we achieved record-breaking scale growth by optimizing the "four-wheel drive" expansion model of "joint ventures and collaborations, market-oriented bidding, regional expansion, and localised development". During the year, the newly contracted GFA was 14.3 million sq.m., and newly GFA under management was 8.4 million sq.m..

The value-added development of the environment is centred around three key directions: asset appreciation, people-centric services, and external alliances. We intensified efforts to expand core businesses such as rental and sales services, home improvement services, household services, one-stop online shopping services, purified water services and doorstep services. Furthermore, the Group further empowered its operations across all business lines leveraging service digitization and scenario-based online platforms.

In terms of the value of technology empowerment, we built comprehensive service capabilities in big property management based on the new productivity development in big property management, forming service capabilities across multiple sectors, including broad real estate, big property management, new multi-businesses, and smart communities. In 2024, the Company continued to upgrade the Xin Meta Platform, and constantly deepened the digitization of internal business management and operational management within property service companies, while consistently improving internal operational and management efficiency. Within the realm of big property management, we optimized the SCRM product, providing internal empowerment while offering SaaS services to small and medium-sized property service companies. In the new multi-business sector, we focused on the independent R&D and design of smart products, with intelligent hardware solutions such as Xin Water Machine (鑫水機) and Xin Charging (鑫充電) being implemented, and online platforms such as Xin Duo Duo (鑫多多) and Xin Building Materials (鑫建材) launched, continuously supporting the intelligent transformation of community operations for property service companies.

During the process of business development, the Group remained committed to the party-building driven model featuring the integration of party affairs and business operations and community governance model, receiving widespread recognition from society. We received several recognitions including the "2024 Leading Chinese Red Property Service Companies", "Strengthening Property Management to Build a Better Community" exemplary case from the Ministry of Housing and Urban-Rural Development, and "Red Property" demonstration point from the Social Work Department of the Henan Provincial Committee and the Department of Housing and Urban-Rural Development of Henan Province, among a total of 37 honours. Additionally, the Group welcomed 143 visits from various government bodies and organisations.

In April 2024, we were awarded the title of "Top 100 Chinese Property Service Companies" for the 14th consecutive year, maintaining a Top 15 leading position in the industry rankings for comprehensive strength. In 2024, the Group was elected as the chair unit of the Henan Property Management Association and re-elected as a vice-chair unit of the China Property Management Association, further solidifying our influence in the industry.

Property Management Services

Commitment to quality development

The Group is committed to a strategy of robust and quality growth. We established an evaluation model for project collaboration. Before signing any cooperation agreements, the Group will organize professional personnel to conduct site inspections and assessments and only projects that meet the evaluation criteria are considered for collaboration to ensure the quality of expansion projects. Additionally, we proactively withdrew from projects that do not align with our operational model, further improving the overall operational quality.

During the scale expansion process, we intensified efforts to expand around managed projects. Leveraging existing stock projects, we enhance regional concentration, forming a scale management. Furthermore, we continuously improve operational effectiveness by integrating businesses such as multi-business and technology operations.

The following table sets out our contracted GFA and GFA under management as at the dates indicated:

	Year ended 31 December			
	2024		2023	
	Contracted GFA sq.m.'000	**GFA under management sq.m.'000**	Contracted GFA sq.m.'000	GFA under management sq.m.'000
At the beginning of the year	**55,342**	**34,345**	50,705	31,399
Addition[1]	**14,274**	**8,394**	5,200	3,248
Xinyuan Real Estate Group	**298**	**838**	127	1,340
Third parties	**13,976**	**7,556**	5,073	1,908
Cessation[2]	**5,064**	**2,606**	563	302
At the end of the year	**64,552**	**40,133**	55,342	34,345

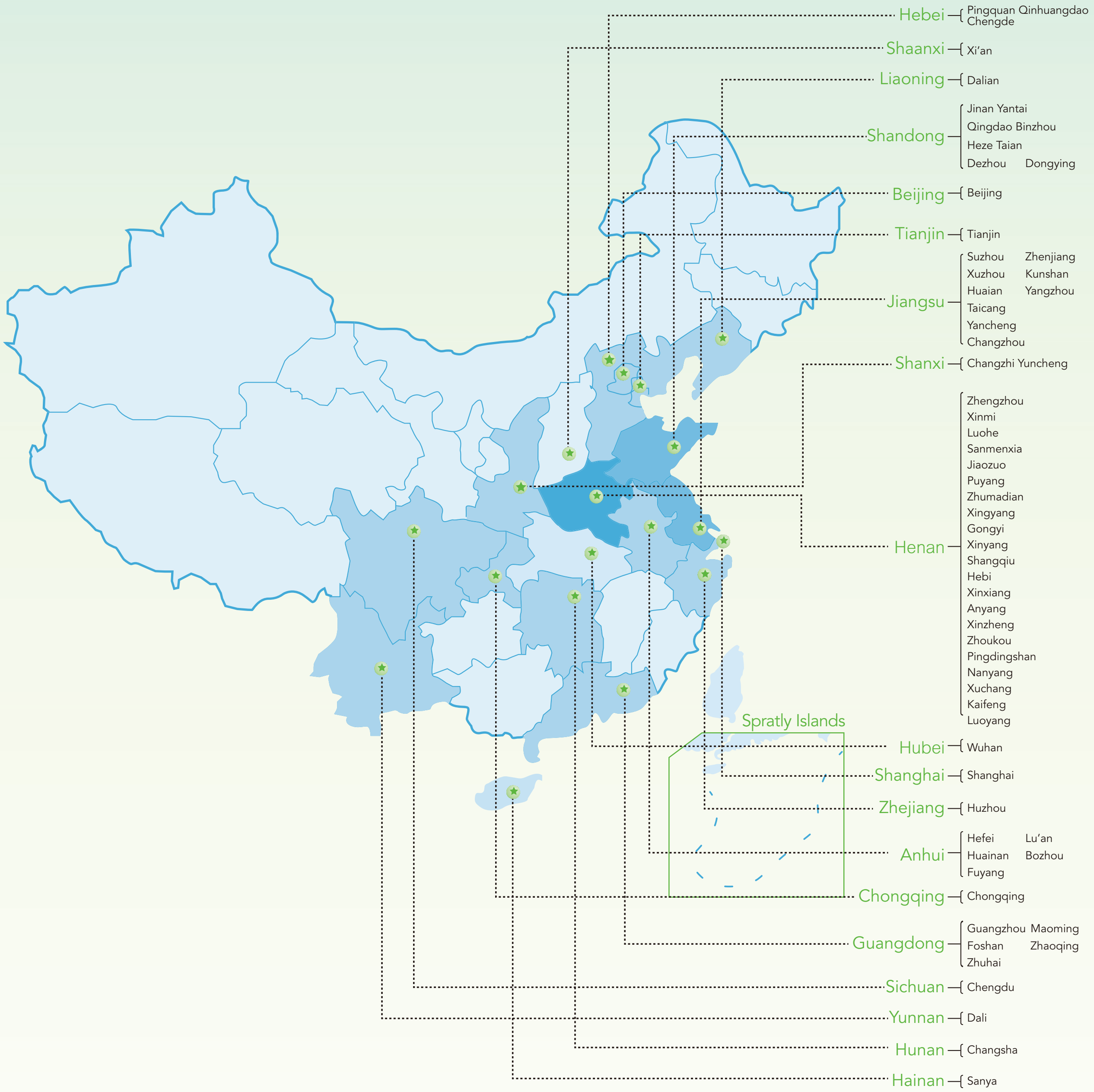
Notes:

(1) These new contracts mainly consist of advance management contracts for new properties developed by property developers, property service contracts signed with owner committees, and property service contracts signed with property owner.

(2) Cessation includes certain property management service contracts which we opted not to renew due to our reallocation of resources to contracts with higher profitability in order to optimise our property management portfolio.

Our geographical coverage

In 2024, we continued to expand our layout nationwide on the basis of deep engagement in regions, achieving a preliminary development layout in the five main regions, such as the Central China, Southern China, Western China, Northern China and Eastern China, and prioritized the development of the Central China region with Henan as the core and YRD with Jiangsu as the core. As of 31 December 2024, our geographical coverage has expanded to 65 cities across the PRC.



The following table sets out our GFA under management as at the dates indicated and a breakdown of revenue from property management services by geographical region for the years ended 31 December 2024 and 2023:

	Year ended 31 December					
	2024			2023		
	GFA (sq.m.'000)	Revenue (RMB'000)	Percentage %	GFA (sq.m.'000)	Revenue (RMB'000)	Percentage %
Central China[1]	**21,084**	**322,176**	**56**	19,027	295,008	55
Eastern China[2]	**8,451**	**122,986**	**22**	6,281	128,832	24
Western China[3]	**7,326**	**71,899**	**13**	8,032	69,015	13
Northern China[4]	**1,243**	**28,289**	**5**	376	17,772	3
Southern China[5]	**2,029**	**25,198**	**4**	629	24,164	5
Total	**40,133**	**570,548**	**100**	34,345	534,791	100

Notes:

(1) Includes cities located in Henan, Hunan and Hubei provinces.

(2) Includes cities located in Jiangsu, Anhui, Shandong and Zhejiang provinces and Shanghai municipality.

(3) Includes cities located in Sichuan, Yunnan and Shaanxi provinces and Chongqing municipality.

(4) Includes cities located in Liaoning and Hebei provinces, Beijing and Tianjin municipalities.

(5) Includes cities located in Hainan, Fujian and Guangdong provinces.

Adhering to market-oriented growth

The Group has been adhering to a strategy of market-oriented growth since listing. In 2024, we optimized the four-engine model of "joint venture partnerships, market-oriented tenders and biddings, expansion in strategic regions and localised deep cultivation", and established two main lines for expansion, namely investment and expansion teams in headquarters and deep cultivation in regions by regional property management companies, which achieved a record high in scale expansion. Almost all of the additional contracted GFA of 14.3 million sq.m. was obtained from our market-oriented expansion projects by third parties. As of 31 December 2024, third parties' GFA under management and contracted GFA accounted for 59.1% and 66.7% of the Group's GFA under management and contracted GFA, respectively.

A breakdown of the Group's GFA under management and percentage of revenue from property management services by developer type for the years ended 31 December 2024 and 2023 is as follows:

	Year ended 31 December					
	2024			2023		
	GFA (sq.m.'000)	Revenue (RMB'000)	Percentage %	GFA (sq.m.'000)	Revenue (RMB'000)	Percentage %
Xinyuan Real Estate Group[1]	**16,422**	**369,570**	**65**	16,171	369,735	69
Third parties[2]	**23,711**	**200,978**	**35**	18,174	165,056	31
Total	**40,133**	**570,548**	**100**	34,345	534,791	100

Notes:

(1) Xinyuan Real Estate Co., Ltd. (the ultimate holding company of the Company) and its subsidiaries are collectively referred to as Xinyuan Real Estate Group. It includes properties solely developed by Xinyuan Real Estate Group and properties developed by foreign joint venture holdings.

(2) Refers to properties of independent third parties.

Diversified property management portfolio

We manage both residential and non-residential properties. Currently, our non-residential properties under management span offices, commercial complexes, industrial parks, business parks, schools, and public buildings. While revenue from residential properties accounted for and will continue to account for a large portion of our revenue, we strive to diversify our services to cover properties of different types.

A breakdown of our revenue generated from property management services of developed properties by property type for the years ended 31 December 2024 and 2023 is as follows:

	Year ended 31 December					
	2024			2023		
	GFA (sq.m.'000)	Revenue (RMB'000)	Percentage %	GFA (sq.m.'000)	Revenue (RMB'000)	Percentage %
Residential properties	**28,058**	**451,170**	**79**	24,211	423,336	79
Non-residential properties	**12,075**	**119,378**	**21**	10,134	111,455	21
Total	**40,133**	**570,548**	**100**	34,345	534,791	100

Value-added services

In 2024, the value-added services focused on residential community scenarios and property owners' needs, enhancing residents' living experiences through comprehensive and diversified service offerings. By integrating traditional service models with digital solutions and adopting data-driven operations, five core businesses have been established: leasing and sales services, house beautification services, retail services, purified water services, and doorstep services. For the year ended 31 December 2024, revenue from the community value-added services amounted to RMB203.9 million, representing a year-on-year growth of 76%.

In 2024, the leasing and sales business achieved 18 new store openings. The house beautification business focused on optimizing existing projects, recording a substantial revenue growth. Adopting a model of self-operated + joint-operated with Aamiba (阿米巴), revenue from the purified water projects increased by 80% year-on-year. Retail services replaced the external malls through its self-developed mall Xin Duo Duo (鑫多多) application, fully enhancing the user experience with a year-on-year increase of 20% in revenue.

The following table sets out the breakdown of the revenue from community value-added services for the years ended 31 December 2024 and 2023:

Value-added services	Year ended 31 December			
	2024		2023	
	RMB'000	**%**	RMB'000	%
Revenue from third party services[(1)]	**20,932**	**10**	17,090	15
Space resources management[(2)]	**117,001**	**57**	54,544	47
Domestic living services[(3)]	**65,930**	**33**	44,218	38
Total	**203,863**	**100**	115,852	100

Notes:

(1) Profit is derived from paid utilities using the cost-plus method.

(2) We collect a pre-agreed fee for public space resource management.

(3) Profit is derived from the sales of daily necessities, provision of household living services and provision of customised services (such as floor heating maintenance services and application and installation of electric vehicle charging station services) which are conducted through our Xin Duo Duo (鑫多多) application.

Pre-delivery and consulting services

The Group's pre-delivery services include providing sales assistance services, for instance (i) property sales venue management services; and (ii) property sales venue warm-up services to property developers at the pre-delivery stage of the relevant property or when the property is put onto the market for sale. Consulting services include (i) advising property developers at the early and construction stages of a property on project planning, design management and construction management to enhance its functionality, comfort and convenience; and (ii) intermediary and management services provided to property developers for unsold properties.

In 2024, affected by the overall downturn in the real estate industry, the overall revenue from this segment declined by 53.8% as compared to the previous year.

Pre-delivery and consulting services	Year ended 31 December			
	2024		2023	
	RMB'000	%	RMB'000	%
Xinyuan Real Estate Group	**6,125**	**54**	14,835	61
Third parties	**5,127**	**46**	9,497	39
Total	**11,252**	**100**	24,332	100

Property engineering services

Property engineering services include the provision of firefighting, intelligent engineering, landscaping engineering and smart neighbourhood planning engineering and construction services at the construction stages of a property, as well as additional installation of elevators, remaking facade and other renewal and remaking engineering services for stock properties.

In 2024, the Group's revenue from engineering services increased by 11.5% as compared to the previous year.

Property engineering services	Year ended 31 December			
	2024		2023	
	RMB'000	%	RMB'000	%
Xinyuan Real Estate Group	**56,713**	**68**	55,657	75
Third parties	**26,498**	**32**	18,974	25
Total	**83,211**	**100**	74,631	100

PROSPECTS

The Group is committed to offering a pleasant lifestyle as a new productivity development service provider within the larger property management sector. In growing our businesses, we will continue to focus on this sector, with data-driven operations enabling the deep integration of technology and business. The use of digital twins will create new scenarios for digitally empowered properties. Our goal remains to drive growth and to upgrade through three key areas: management services, scenario-value enhancement, and technology empowerment. We will enhance the features we have developed to achieve sustained growth in both operational efficiency and business scale.

I. Management Services

In terms of management services, the Group focuses on high-quality development by consolidating service quality and in order to continuous scaling of operations, we concentrate on larger property management, and will extend from residential properties to non-residential types and public buildings. The expansion from property services to commercial management and asset management services will allow us to continuously broaden the scope of our property services, improve regional concentration, and enhance the scale effects of management.

In terms of scale development, market-oriented growth will remain central. We will continue optimising our development model and innovating diverse modes of cooperation, switching from pursuing new developments to exploring existing markets, and expanding from residential to non-residential sectors, urban and professional services. Our strategy involves a multi-driver model for expansion; while deepening our efforts in areas we are engaging in and strengthening our resource integration advantages in these areas.

Regarding basic service capabilities, we will use data to drive management efficiency, fortifying our service foundation and enhancing the service experience to continually improve our reputation and brand. We will also enrich the scope of our services, improve multi-industry and multi-disciplinary service standards, and strengthen our management and service capabilities with a focus on refinement and differentiation. This will lead to higher operational and management efficiency and enhanced service reputation and customer living experience.

II. Scenario-Value Enhancement

The scene value-added business gradually builds a community service ecosystem around space operations, asset operations, and lifestyle services. Through data-driven approaches and business synergy, we aim to achieve breakthrough growth in multi-business operations leveraging the three growth curves of asset appreciation, people-centric services, and industry alliances. We will shift from traditional business models to data-driven models, particularly in lifestyle services, enabling the transformation from "customers searching for products" to "products being proactively offered to customers".

For asset appreciation, our focus will be on managing stock assets and destocking capabilities. We will innovate business models to consolidate internal and external resources to allow assets to maintain their premium and realise their value. In terms of space management, we will leverage digital technology empowerment to strengthen spatial asset revitalisation, consolidation and utilisation efficiency. Further, we will continue to build on traditional space management and innovate business models, so as to raise resource utilisation efficiency.

In terms of services for people, we will focus on the demand for community services spanning the entire term of ownership to build community service ecosystem. We will focus on areas such as home improvement services, rental and sales services, purified water services and doorstep services to enhance user penetration, coverage and recognition, thereby quickly realizing scale expansion.

The industry alliance focusses on "multi-business empowerment". We will systematically construct product system, supply chain system and operational system to create convenient and practical smart platforms and products, offering collaborative enterprises with a comprehensive multi-business empowerment program for community operations.

III. Technology Empowerment

Based on the construction of new productive forces in large property management, the focus is on creating comprehensive property management technology capabilities and multi-dimensional intelligent empowerment capabilities around the real estate sector, large property management, and XinMeta. While empowering internal operations, we will continuously optimize product performance and user experience, and reinforce our ability to empower the industry through "technology products, ecosystem integration, and operational frameworks", so as to realize the transition from an internal solution provider to an industry solution provider.

We will focus on data-driven operations combined with technology and leverage technology to desensitise and refine complex data for analysis to uncover new demand and scenarios. Further, technology empowerment will enable us to satisfy the diverse demands of owners and enhance both basic services and community lifestyle services.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2024, the Group recorded revenue of approximately RMB868.9 million (corresponding period in 2023: approximately RMB749.6 million), representing an increase of approximately 15.9% as compared to the corresponding period last year.

The Group's revenue was derived from four major business, (i) property management services; (ii) value-added services; (iii) pre-delivery and consulting services; and (iv) property engineering services:

	Year ended 31 December			
	2024		2023	
	Revenue	**Percentage**	Revenue	Percentage
	RMB'000	**%**	RMB'000	%
Property management services	**570,548**	**65.7**	534,791	71.3
Value-added services	**203,863**	**23.5**	115,852	15.5
Pre-delivery and consulting services	**11,252**	**1.3**	24,332	3.2
Property engineering services	**83,211**	**9.5**	74,631	10.0
Total	**868,874**	**100.0**	749,606	100.0

Gross profit and gross profit margin

The following table sets forth a breakdown of gross profit and gross profit margin by business lines for the periods indicated:

	2024		2023	
	RMB'000	**%**	RMB'000	%
Property management services	**167,062**	**29.3**	156,118	29.2
Value-added services	**65,710**	**32.2**	64,002	55.2
Pre-delivery and consulting services	**3,522**	**31.3**	4,915	20.2
Property engineering services	**8,692**	**10.4**	16,239	21.8
	244,986	**28.2**	241,274	32.2

The Group's gross profit for the year amounted to RMB245.0 million, representing an increase of 1.5% over RMB241.3 million in 2023. Gross profit margin decreased to 28.2% from approximately 32.2% in 2023.

Gross profit margin of property management services was 29.3%, representing an increase of 0.1 percentage point as compared to 29.2% in 2023. The increase in gross profit margin for property management services was mainly due to the enhancement of economies of scale, improved cost-saving measures, and increased operational efficiency.

Gross profit margin of value-added services was 32.2%, representing a decrease of approximately 23.0 percentage points as compared to 55.2% in 2023, mainly due to increased investment as a result of launching new businesses.

Gross profit margin of pre-delivery and consulting services was 31.3%, representing an increase of approximately 11.1 percentage points as compared to 20.2% in 2023. The higher gross profit margin for pre-delivery and consulting services was mainly due to improvements in management efficiency and effective cost control.

Gross profit margin for property engineering services was approximately 10.4%, representing a decrease of approximately 11.4 percentage points as compared to 21.8% in 2023. The decrease in gross profit margin for property engineering services was mainly due to the increase in construction costs.

Administrative expenses

The Group's administrative expenses for the year amounted to RMB93.1 million, representing an increase of 14.0% as compared to RMB81.7 million in 2023, also representing 10.7% of revenue (2023: representing 10.9% of revenue). The increase was mainly due to the increase in personnel costs associated with business development efforts.

Other income

The Group's other income for the year amounted to RMB26.9 million, representing an increase of 236.3% as compared to RMB8.0 million in the previous year. The increase was primarily attributable to the increase in current interest income.

Income tax expense

The Group's income tax expense for the year amounted to RMB3.7 million, representing a decrease of RMB37.1 million as compared to RMB40.8 million in the previous year. The decrease in income tax for the year was mainly attributable to the increase in deferred tax assets recognised in the current period.

Profit

During the year, the Group's net profit for the year amounted to RMB88.6 million, representing an increase of 212.0% as compared to RMB28.4 million in last year, mainly due to business growth arising from the growth in the Group's GFA under management.

During the year, profit attributable to the Company's shareholders for the year amounted to RMB87.0 million, representing an increase of RMB58.9 million or 209.6% as compared to RMB28.1 million of that in last year. Basic earnings per share was RMB15.08 cents (2023: RMB4.96 cents).

Current assets, reserves and capital structure

The Group maintained a sound financial position during the year. As at 31 December 2024, current assets amounted to RMB1,039.8 million, representing an increase of 10.0% as compared to RMB945.4 million as at 31 December 2023, mainly due to the increase in accounts receivable from customers resulting from the increase in scale.

As at 31 December 2024, the Group's total equity was RMB588.7 million, representing an increase of RMB47.0 million or 8.7% as compared to RMB541.7 million as at 31 December 2023, mainly due to the profit for the period.

Property, plant and equipment

As at 31 December 2024, the Group's net property, plant and equipment amounted to RMB13.3 million, representing an increase of 31.7% as compared to RMB10.1 million as at 31 December 2023, mainly due to the addition of new office equipment and machinery to accommodate the Group's growth in scale in the current year.

Intangible assets

As at 31 December 2024, the book value of the Group's other intangible assets was RMB38.9 million, representing an increase of 1,196.7% as compared to RMB3.0 million as at 31 December 2023, mainly due to premises operating rights of RMB36.1 million arising from the merger of Beijing Xinyuan Hongsheng Commercial Management Co., Ltd.* (北京鑫苑弘晟商業管理有限公司). The Group's intangible assets mainly comprise (i) the Xinyuan Property Integrated Management Platform System; (ii) the Xinyuan Property Call Centre System; (iii) the electronic invoice tax control invoicing system; (iv) FineReport software; (v) cost management system; and (vi) operating rights of premises.

Trade receivables

As at 31 December 2024, trade receivables amounted to RMB324.8 million, representing an increase of 42.1% as compared to RMB228.6 million as at 31 December 2023, mainly due to business growth arising from the growth in the Group's GFA under management and slow settlement of certain third parties and related parties.

Prepayments and other receivables

Our prepayments and other receivables mainly comprised (i) prepayments; (ii) payments to related parties; (iii) deposit; and (iv) other receivables. As of 31 December 2024, the Group's prepayments and other receivables was approximately RMB396.3 million, representing a decrease of approximately RMB26.1 million as compared to approximately RMB422.4 million as at 31 December 2023. The decrease was mainly due to the increase in provision for impairment allowance.

Trade payables

As at 31 December 2024, trade payables amounted to RMB145.0 million, representing an increase of 35.9% as compared to RMB106.7 million as at 31 December 2023. The increase was mainly attributable to the increase in the amount of outstanding payables for goods during the current period.

Other payables and accruals

The Group's other payables and accruals mainly comprised (i) non-trade payables to related parties; (ii) deposits and temporary receipts from property owners; and (iii) payroll payables and other taxes payable. As of 31 December 2024, the Group's other payables and accruals (other than contract liabilities) amounted to approximately RMB264.2 million, representing an increase of approximately 23.2% as compared to approximately RMB214.4 million as at 31 December 2023. The increase was mainly attributable to the increase in the amount of outstanding payables for goods during the current period.

Contract liabilities

The Group's contract liabilities mainly resulted from the advance payments received from customers while the underlying services are yet to be provided. As of 31 December 2024, our contract liabilities were approximately RMB144.5 million, representing an increase of 35.7% as compared to approximately RMB106.5 million as at 31 December 2023, mainly due to the increase in the Group's GFA under management and the number of customers during the period.

Borrowings

As of 31 December 2024, the Group had no borrowings or bank loans.

Gearing ratio

Gearing ratio is calculated by dividing total borrowings by total equity, based on the sum of long-term and short-term interest-bearing bank loans and other borrowings as at the corresponding date divided by the total equity on the same date. As at 31 December 2024, gearing ratio was nil.

Pledged assets

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

Material acquisition

The Group had no material acquisition of subsidiaries, associates or joint ventures during the year.

Material disposal

The Group had no material disposal of subsidiaries, associates or joint ventures during the year.

Significant investment

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

Contingent liabilities

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

Exchange rate risk

The Group's principal business is conducted in the PRC where most of the Group's revenue and expenses are denominated in RMB. Accordingly, save certain bank balances that were denominated in Hong Kong dollars, the Group was not exposed to material risk directly related to foreign exchange rate fluctuation. Currently, the Group has not entered into any forward contracts to hedge its exchange rate risk, although management will continue to monitor foreign exchange risk and take cautionary measures to minimize foreign exchange risk.

Employment and remuneration policy

As at 31 December 2024, the Group had 2,166 employees (31 December 2023: approximately 1,741 employees). The Group adopts a remuneration policy similar to its peers in the industry. The remuneration payable to our employees is determined with reference to their duties and the prevailing local market rates. Employees are paid discretionary performance bonuses upon review as reward for their contribution. In compliance with the applicable statutory requirements in the PRC and existing requirements of the local government, the Group has participated in different social welfare plans for its employees. In addition, the Company adopted a post-IPO share option scheme on 16 September 2019 which enables the Directors to grant share options to the Group's employees in order to retain elite personnel and to provide reward and incentive for their contribution to the Group. No share option thereof was granted during the year. The termination of the Share Option Scheme was approved by the Shareholders on 7 August 2024.

Use of Proceeds from the Listing

On 11 October 2019, the shares of the Company were successfully listed (the "**Listing**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). After deducting underwriting fees and related expenses, net proceeds from the Listing was approximately RMB197.2 million (the "**Listing Net Proceeds**").

Up to 23 June 2022, the Group utilised approximately RMB79.3 million of the Listing Net Proceeds, with approximately RMB117.9 million of which remained unutilised (the "**Unutilised Listing Net Proceeds**"). Details of the use of the Listing Net Proceeds are as follows:

Use of Listing Net Proceeds	Planned use of Listing Net Proceeds to be used RMB million	Actual use of Listing Net Proceeds from the Listing Date to 31 December 2021 RMB million	Unutilised Listing Net Proceeds up to 31 December 2021 RMB million	Actual use of Listing Net Proceeds from 1 January 2022 to 23 June 2022 RMB million	Unutilised Listing Net Proceeds up to 23 June 2022 RMB million
To expand our property management services, seek strategic acquisition and investment opportunities	118.3	22.2	96.1	0.8	95.3
To expand the types of services offered in our value-added services business line	29.6	22.8	6.8	2.0	4.8
To upgrade and develop our own information technology and smart systems	29.6	6.6	23	5.2	17.8
Funding our working capital needs and other general corporate purposes	19.7	19.7	–	–	–
Total	197.2	71.3	125.9	8.0	117.9

Use of Proceeds from the 2020 Placing

Reference is made to the Company's announcements dated 3 July 2020 and 15 July 2020 (collectively, the "**2020 Placing Announcements**"). On 3 July 2020, the Company entered into a placing agreement (the "**Placing Agreement**") with Guotai Junan Securities (Hong Kong) Limited and Valuable Capital Limited (the "**2020 Placing Agents**"), pursuant to which, the 2020 Placing Agents (each on a several but not joint nor joint and several basis) conditionally agreed to procure, as agents of the Company, not less than six (6) placees (the "**2020 Placees**") on a best effort basis for up to an aggregate of 50,000,000 ordinary shares of the Company at the placing price of HK$2.60 per placing share on the terms and subject to the conditions set out in the Placing Agreement (the "**2020 Placing**"). The maximum aggregate nominal value of the placing shares under the 2020 Placing was HK$500. The market price of the placing shares was HK$2.86 per share as quoted on the Stock Exchange on 3 July 2020, being the date of the Placing Agreement. The net price of the placing shares was approximately HK$2.54 per share.

The Directors considered that the 2020 Placing would strengthen the Group's financial position, broaden the Company's shareholder base and was in the interests of the Company and the Shareholders as a whole.

Completion of the 2020 Placing took place on 15 July 2020, a total of 50,000,000 placing shares were placed by the 2020 Placing Agents to the 2020 Placees at the placing price of HK$2.60 per placing share.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the 2020 Placees and their respective ultimate beneficial owner(s), as applicable, were parties independent of the Company and not acting in concert with the connected persons of the Company and were not parties acting in concert with each of the other 2020 Placees procured by the 2020 Placing Agents under the Placing Agreement.

The 2020 Placing Net Proceeds amounted to RMB115.0 million (the "**2020 Placing Net Proceeds**"). Up to 23 June 2022, approximately RMB11.5 million of the 2020 Placing Net Proceeds had been utilised by the Group and approximately RMB103.5 million of the 2020 Placing Net Proceeds remained unutilised (the "**Unutilised 2020 Placing Net Proceeds**"). Details of the use of the 2020 Placing Net Proceeds were as follows:

Use of 2020 Placing Net Proceeds	Planned amount of 2020 Placing Net Proceeds to be used RMB million	Actual use of 2020 Placing Net Proceeds up to 31 December 2021 RMB million	Unutilised amount of 2020 Placing Net Proceeds up to 31 December 2021 RMB million	Actual use of 2020 Placing Net Proceeds From 1 January 2022 to 23 June 2022 RMB million	Unutilised amount of 2020 Placing Net Proceeds up to 23 June 2022 RMB million
Business development, which mainly relates to (a) diversifying the types of services offered to the customers and (b) upgrading and developing the Group's smart systems	69.0	–	69.0	–	69.0
Strategic investment in businesses or targets that are related to the Group's principal businesses	34.5	–	34.5	–	34.5
General working capital	11.5	11.5	–	–	–
Total	115.0	11.5	103.5	–	103.5

Use of Proceeds from the Subscription

Reference is made to the Company's announcements dated 25 January 2021 and 8 February 2021 (collectively, the "**2021 Placing and Subscription Announcements**"). On 25 January 2021, the Company entered into the placing and subscription agreement (the "**2021 Placing and Subscription Agreement**") with Xinyuan Real Estate, Ltd. (the "**Vendor**") and Guotai Junan Securities (Hong Kong) Limited (the "**2021 Placing Agent**"), pursuant to which (i) the Vendor agreed to appoint the 2021 Placing Agent, and the 2021 Placing Agent agreed to act as an agent of the Vendor to procure not less than six (6) placees, on a best effort basis, to purchase up to 18,000,000 ordinary shares of the Company (the "**Placing Shares**") at the price of HK$2.10 per Placing Share (the "**2021 Placing**"); and (ii) the Vendor agreed to subscribe for, and the Company agreed to allot and issue to the Vendor, up to 18,000,000 new ordinary shares of the Company (the "**Subscription Shares**") at the price of HK$2.06 per Subscription Share (the "**Subscription**"). The maximum aggregate nominal value of the Subscription Shares was HK$180. The market price of the shares of the Company was HK$2.28 per share as quoted on the Stock Exchange on 25 January 2021, being the date of the 2021 Placing and Subscription Agreement.

The 2021 Placing and the Subscription were conducted by the Company as the Directors were of the view that (i) they shall provide a good opportunity to raise additional funds to enable the Group to actively pursue acquisition or investment opportunities and enhance its development in the property management services industry in the PRC; and (ii) they shall also strengthen the financial position and to broaden the shareholder base and capital base of the Group.

Completion of the 2021 Placing took place on 27 January 2021 and completion of the Subscription took place on 8 February 2021. A total of 18,000,000 Placing Shares have been successfully placed by the 2021 Placing Agent to the placees. A total of 18,000,000 Subscription Shares had been allotted and issued to the Vendor pursuant to the general mandate granted to the Directors at the Company's annual general meeting held on 29 May 2020.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the placees of the 2021 Placing were individual, professional or institutional investors that were independent of and not connected with the Company and its connected persons, not a party acting in concert with the Vendor. None of such placees had become a substantial shareholder of the Company immediately after completion of the 2021 Placing.

The net proceeds from the Subscription are approximately HK$31.2 million (the "**Subscription Net Proceeds**"). The net price per 2021 Subscription Shares amounted to approximately HK$2.06. Up to 23 June 2022, (i) approximately RMB7.8 million of the Subscription Net Proceeds had been utilised in the manner in line with that were set out in the 2021 Placing and Subscription Announcements; and (ii) approximately RMB23.4 million of the Subscription Net Proceeds remained unutilised (the "**Unutilised Subscription Net Proceeds**"). Details of the use of the Subscription Net Proceeds were as follows:

Use of Subscription Net Proceeds	Planned amount of Subscription Net Proceeds to be used RMB million	Actual use of Subscription Net Proceeds up to 31 December 2021 RMB million	Unutilised amount of Subscription Net Proceeds up to 31 December 2021 RMB million	Actual use of Subscription Net Proceeds From 1 January 2022 to 23 June 2022 RMB million	Unutilised amount of Subscription Net Proceeds up to 23 June 2022 RMB million
Approximately 75% for strategic investment in businesses or targets that are related to property management services	23.4	–	23.4	–	23.4
Approximately 25% for general working capital of the Group	7.8	7.8	–	–	–
Total	31.2	7.8	23.4	–	23.4

Change of Use of Proceeds

Reference is made to the announcement of the Company dated 23 June 2022. On 23 June 2022, the Board resolved to revise the use of the Unutilised Listing Net Proceeds, the Unutilised 2020 Placing Net Proceeds and the Unutilised Subscription Net Proceeds, which in aggregate amounted to approximately RMB244.8 million (the "**Total Unutilised Proceeds**"), in a combined manner as set out in the Company's announcement dated 23 June 2022 (the "**Revised Use of Total Unutilised Proceeds**"). Up to 31 December 2024, the Group utilised approximately RMB134.4 million of the Total Unutilised Proceeds pursuant to the Revised Use of Total Unutilised Proceeds. Details of the use of Total Unutilised Proceeds pursuant to the Revised Use of Total Unutilised Proceeds up to 31 December 2024 were as follows:

Revised Use of Total Unutilised Proceeds	Allocated Percentage of Total Unutilised Proceeds %	Allocated Total Unutilised Proceeds as at 23 June 2022 RMB million	Total Unused amount of Unutilised Proceeds as at 1 January 2024 RMB million	Actual use of Total Unutilised Proceeds from 1 January 2024 to 31 December 2024 RMB million	Unused amount of Total Unutilised Proceeds up to 31 December 2024 RMB million	Expected timeline for the Use of Total Unutilised Proceeds
To pursue selective strategic investment and acquisition opportunities and to further develop strategic alliances and expand the scale of the Group's property management, value-added services and property engineering businesses, which include acquiring or investing in companies engaged in businesses related to property management, value-added services or property engineering, or forming joint ventures with such companies, and investing in related industrial funds with business collaborative partners	30	73.4	73.4	3.0	70.4	30 September 2025

Revised Use of Total Unutilised Proceeds	Allocated Percentage of Total Unutilised Proceeds	Allocated Total Unutilised Proceeds as at 23 June 2022	Total Unused amount of Unutilised Proceeds as at 1 January 2024	Actual use of Total Unutilised Proceeds from 1 January 2024 to 31 December 2024	Unused amount of Total Unutilised Proceeds up to 31 December 2024	Expected timeline for the Use of Total Unutilised Proceeds
	%	RMB million	RMB million	RMB million	RMB million	
To further develop the Group's value-added services, which include the development of value-added products and services related to service scenarios such as communities, commercial offices and urban management, as well as assets, the upgrading of software and hardware and the development of smart community and commercial facilities operation services, and the development of value-added services related to commercial operations such as office buildings and industrial parks	20	49.0	41.5	26.7	14.8	30 September 2025

Revised Use of Total Unutilised Proceeds	Allocated Percentage of Total Unutilised Proceeds %	Allocated Total Unutilised Proceeds as at 23 June 2022 RMB million	Total Unused amount of Unutilised Proceeds as at 1 January 2024 RMB million	Actual use of Total Unutilised Proceeds from 1 January 2024 to 31 December 2024 RMB million	Unused amount of Total Unutilised Proceeds up to 31 December 2024 RMB million	Expected timeline for the Use of Total Unutilised Proceeds
To upgrade the Group's systems of digitisation and smart management, which include the purchase, upgrade and research and development of software, hardware and related services for building smart terminals and Internet of Things platforms, the construction and development of information sharing platforms and databases, the recruitment and development of professional and technical staff and information management teams, the investment in companies engaged in businesses related to technological industries, and the commencement of research and development for innovative applications related to the Group's business	30	73.4	54.6	29.4	25.2	30 September 2025
Working capital and general corporate purpose	20	49.0	–	–	–	
Total	100.0	244.8	169.5	59.1	110.4	

As at 31 December 2024, the unused portion of the Total Unutilised Proceeds are placed at a licensed bank in the PRC. The Directors are not aware of, and do not anticipate any material delay or change in the use of proceeds from the Revised Use of Total Unutilised Proceeds, and will continue to assess the plans in relation to the planned allocation of the unused portion of the Total Unutilised Proceeds. The Directors may modify or amend the relevant plans as necessary in order to address the changing market conditions, and strive for the Group to achieve better business performance.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. SHEN Yuan-Ching (申元慶) ("**Mr. Shen**"), aged 60, was appointed as an independent non-executive Director on 13 April 2022 and was appointed as the vice chairman of the Board and the authorised representative of the Company on 29 August 2022. He was re-designated as an executive Director, resigned as a member of the Audit Committee of the Company, was re-designated from vice chairman of the Board to chairman of the Board, and was appointed as chief executive officer of the Company on 19 September 2022. Mr. Shen is also a member of the Remuneration Committee and the chairman of the Nomination Committee of the Company.

From May 2020 to September 2022, Mr. Shen served as the chief executive officer of VNET Group Inc. (a company listed on NASDAQ, stock ticker: VNET) and the executive chairman of Neolink Tech Group Inc., a wholly owned subsidiary of VNET Group. From May 2018 to September 2022, Mr. Shen served as an independent non-executive Director of Xinyuan Real Estate Co., Ltd. (a company listed on the New York Stock Exchange, stock code: XIN). Mr. Shen also served as an independent Director of Kingdee International Software Group Co., Ltd. (a company listed on The Stock Exchange of Hong Kong Limited, stock code: 0268) from January 2018 to January 2020 and Insigma Technology Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600797) from January 2016 to July 2021. From September 2017 to January 2020, Mr. Shen was the president of JD Cloud, the cloud business unit under JD.com, Inc., China largest online retailer. Mr. Shen served as a non-executive Director of Inspur International Limited (a company listed on The Stock Exchange of Hong Kong Limited, stock code: 596) from September 2012 to March 2018. Mr. Shen formerly held various senior positions at Microsoft Corporation.

Mr. Shen obtained a Master's Degree in Computer Science from the University of California. Mr. Shen has over 30 years of extensive management experience in large multinational companies and internet technology service companies.

Mr. FENG Bo (馮波) ("**Mr. Feng**"), aged 46, was appointed as an executive Director on 29 August 2022.

Mr. Feng has extensive experience in corporate governance, the real estate industry and technology industry. From July 2000 to December 2006, he served as assistant engineer of property management department of Wuhan Plaza Management Co., Ltd.. From December 2006 to August 2008, Mr. Feng successively served as the assistant to general manager and manager of the administrative personnel department of Henan Xinyuan Property Management Service Co., Ltd.. From August 2008 to October 2015, he successively served as the administrative manager of the human resources center, secretary to the chairman, manager of the office of secretaries and manager of the office of the board of directors of Xinyuan Real Estate Co., Ltd.. From October 2015 to November 2017, Mr. Feng served as vice president of human resources of Beijing I-Journey Science and Technology Development Co., Ltd.. From November 2017 to May 2022, he successively served as manager of the office of the board of directors, assistant to the chairman of Xinyuan Real Estate Co., Ltd. and vice president of Xinyuan Science and Technology Service Group Co., Ltd. ("**Xinyuan Science**"). From May 2022 to present, Mr. Feng served as vice president of the Company.

Mr. Feng obtained a bachelor's degree in mechanical engineering automation and a master's degree in business administration both from Huazhong University of Science and Technology.

Mr. WANG Yong (王勇) ("**Mr. Wang**"), aged 47, was appointed as an executive Director and the chief financial officer on 21 October 2022.

Mr. Wang has 19 years of experience in financial management, product R&D and management, investment and M&A, equity financing and listing of companies, and possesses expertise in delivering ecological and platform value to the capital market.

Mr. Wang holds a master's degree in business administration from the Kellogg School of Management at Northwestern University and a master's degree from the School of Information and Communication Engineering at Beijing University of Posts and Telecommunications.

From October 2021 to October 2022, Mr. Wang served as chief financial officer of Neolink Tech Group Inc., a wholly owned subsidiary of VNET Group Inc. (a company listed on NASDAQ, stock ticker: VNET), and was responsible for all financial activities, financing and spin-off related work. From May to October 2021, Mr. Wang served as chief financial officer of GOME Online* (國美在線), an online e-commerce platform operated by GOME Retail Holdings Limited (a company listed on The Stock Exchange of Hong Kong Limited, stock code: 0493), and was responsible for financial management, financing and listing related work. From 2019 to 2021, Mr. Wang served as chief financial officer of CDP Group, a human resource technology SaaS and services company, and was responsible for financial management, equity financing and U.S. stock listing related work. From September 2017 to February 2019, Mr. Wang served as vice president of strategy of Sunlands Technology Group (a company listed on the New York Stock Exchange, stock ticker: STG), an online post-secondary and professional education organisation, and was responsible for capital market and listing related work. From 2010 to 2017, Mr. Wang worked in the field of corporate finance and asset management at the Hong Kong offices of Morgan Stanley, Deutsche Bank and JPMorgan Chase. From 2003 to 2008, Mr. Wang served as R&D engineer and head of R&D of Intel China's software research and development business unit* (英特爾中國軟體研發事業群).

NON-EXECUTIVE DIRECTOR

Mr. TIAN Wenzhi (田文智) ("**Mr. Tian**"), aged 54, was appointed as a non-executive Director on 21 October 2022.

Mr. Tian has over 20 years of executive experience in large enterprises. He has worked in several multinational management consulting firms where he was engaged in corporate strategy and organisational talent consulting and has over 14 years of management consulting experience. Mr. Tian also has extensive experience in governance of listed companies having held the position of external Director of several listed companies where he served as a member of their remuneration and performance committee and nomination committee.

Mr. Tian obtained a bachelor's degree in management from the Department of Accounting, Qingdao University in 1995, and obtained a master's degree in business administration in engineering management from the Tsinghua University School of Economics and Management, and a finance executive master's degree in business administration from PBCSF Tsinghua University in 1998 and 2020, respectively. Mr. Tian is a fellow member of the Association of Chartered Certified Accountants and has been certified as a Project Management Professional by the Project Management Institute.

Since June 2016, Mr. Tian has served as the former presidents of external holding companies, executive Director (also as a member of the remuneration and performance committee and the nomination committee), external Director (also as a member of the remuneration and performance committee) of Xinyuan Real Estate Co., Ltd., (a company listed on The New York Stock Exchange, stock ticker: XIN) and Xinyuan (China) Real Estate, Ltd.. Mr. Tian is currently the specialist consultant of the board of Xinyuan Group. Mr. Tian served as a senior global partner of Korn Ferry (US) and the person in charge of the China corporate strategy and leadership consulting business from February 2014 to May 2016. From March 2008 to February 2014, Mr. Tian served as the vice-president of Aon Consulting in China and the general manager of the northern China region. From August 2006 to March 2008, Mr. Tian served as the senior Director of organisational talent reform and consulting at Accenture (a company listed on The New York Stock Exchange, stock ticker: ACN). From March 2003 to August 2006, Mr. Tian served as the Director of business development and head consultant of Hewitt Consulting (now Aon Hewitt Consulting, a company listed on The New York Stock Exchange, stock ticker: HEW) in northern China. From December 1997 to March 2003, Mr. Tian served as the project manager/product director of Bell Labs, Lucent Technologies, Inc..

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LAN Ye (藍燁) ("**Mr. Lan**"), aged 55, was appointed as an independent non-executive Director on 21 October 2022. He is a member of the Audit Committee and the Nomination Committee of the Company.

Mr. Lan has 29 years of management experience in large enterprises and holds an executive master's degree in business administration from Tsinghua University. From June 2019 to June 2024, Mr. Lan has served as senior vice president and data intelligence business group president of Lenovo Group Limited ("**Lenovo Group**", a company listed on The Stock Exchange of Hong Kong Limited, stock code: 992), leading and managing the data intelligence business, which is a focus business based on industrial digital transformation in China and supports the intelligent strategic direction of the Lenovo Group, including an enterprise-level self-developed software platform which serves the IIoT and personalised services to meet the demands of industrial integrated application and development.

From November 2011 to June 2019, Mr. Lan served as executive vice president of JD.com, Inc. ("**JD.com**", a company listed on The Stock Exchange of Hong Kong Limited, stock code: 9618; and listed on NASDAQ, stock ticker: JD), and also held positions in the JD.com group as chief marketing officer and chief public affairs officer, responsible for all purchase and sales operations as well as operation and management of the marketing system of the group. From 2009 to 2011, Mr. Lan served as president and chief executive of Prime Square Technologies Limited* (方正科技有限公司), and was responsible for all operations and management of the company. From 1993 to 2008, Mr. Lan served as vice president of Lenovo Group, and was responsible for all sales operations in the China region.

Mr. LI Yifan (李軼梵) ("**Mr. Li**"), aged 57, was appointed as an independent non-executive Director on 16 September 2019. He is the chairman of the Audit Committee and a member of the Remuneration Committee of the Company.

Mr. Li is an independent non-executive Director of Frontage Holdings Corporation (stock code: 1521) and Everest Medicines Limited (stock code: 1952), which are listed on The Stock Exchange of Hong Kong Limited. Mr. Li is also an independent Director of Qudian Inc. (stock code: QD), a company listed on The New York Stock Exchange, as well as an independent director of 36Kr Holdings Inc. (stock code: KRKR) (a company listed on NASDAQ). Mr. Li has been appointed as an independent Director of Xinyuan Real Estate Co., Ltd. (stock code: XIN) (a company listed on The New York Stock Exchange) since 23 February 2017. He has served as the chief financial officer of Human Horizons Group Inc. from April 2021 to March 2022.

Mr. Li resigned as a Director of Heilongjiang Interchina Water Treatment Co., Ltd. (stock code: 600187) and Shanghai International Port (Group) Co. Ltd. (stock code: 600018) on 13 May 2021 and 15 September 2021 respectively, which are listed on the Shanghai Stock Exchange. He resigned as an independent Director of Zhejiang Tiantie Industry Co., Ltd. (stock code: 300587) (a company listed on the Shenzhen Stock Exchange) on 16 April 2021 and also resigned as an independent non-executive Director of Zhongan Online P & C Insurance Co., Ltd. (stock code: 6060) (a company listed on The Stock Exchange of Hong Kong Limited) on 20 July 2021. From October 2014 to April 2021, Mr. Li was a Director and vice president of Zhejiang Geely Holding Group Co., Ltd.. From July 2019 to May 2024, Mr. Li served as an independent director of Sunlands Technology Group (stock code: STG), a company listed on The New York Stock Exchange.

Mr. Li obtained a bachelor's degree of economics in world economy from Fudan University in the People's Republic of China (the "**PRC**") in July 1989, a master's degree of science in management and administrative sciences from the University of Texas at Dallas in the United States in May 1994 and a master's degree of business administration from the University of Chicago in the United States in June 2000.

Mr. Li has been registered with The State of Texas State Board of Public Accountancy as a certified public accountant in April 1995, admitted as a member by the American Institute of Certified Public Accountants and registered as a chartered global management accountant with the American Institute of Certified Public Accountants in September 1995 and January 2015 respectively.

Mr. LING Chenkai (凌晨凱) ("**Mr. Ling**"), aged 48, was appointed as an independent non-executive Director on 21 October 2022. He is the chairman of the Remuneration Committee and a member of the Nomination Committee of the Company.

Mr. Ling has over 20 years of extensive working experience. He obtained a bachelor's degree in systems engineering from the University of Shanghai for Science and Technology in June 1998 and obtained a master's degree in information management and systems from Tongji University in June 2000. Mr. Ling also obtained a master's degree in business management from the Tuck School of Business at Dartmouth College in June 2008 and was a Tuck School of Business scholarship recipient.

Since 2021, Mr. Ling has been serving as managing Director of PAG Asia Capital (HK) Limited* (太盟亞洲資本). Previously, Mr. Ling held several positions at JD.com, Inc. (a company listed on The Stock Exchange of Hong Kong Limited, stock code: 9618; and listed on NASDAQ, stock ticker: JD), serving as corporate vice president from 2016 to 2021; as head of strategy and investment of retail subsidiaries as well as special assistant to chief executive of retail subsidiaries/head of general management department (including public affairs) from 2019 to 2021; as general manager of retail solutions in 2019; as head of corporate strategy and investment from 2016 to 2019; and head of international business from 2018 to 2019.

Mr. Ling served as a Director of Beijing Bitauto Internet Information Co., Ltd. (a company listed on The New York Stock Exchange, stock ticker: BITA) from 2020 to 2021. Mr. Ling served as a non-executive Director of Yixin Group Limited (a company listed on The Stock Exchange of Hong Kong Limited, stock code: 2858) from 2017 to 2021. Mr. Ling held several positions at Bain & Company, Inc. from 2008 to 2016, with his last position as an associate principal of the firm. His fields of expertise includes strategy, operational improvement, digital transformation and private equity post-investment management. Mr. Ling was co-founder of Shanghai Linbo Information Technology Limited* (上海粼波信息技術有限公司) and served as general manager from 2002 to 2006, mainly responsible for designing the business model and formulating development strategy. Mr. Ling was an engineer with Microsoft Corporation from 2000 to 2002, responsible for providing technical support to Microsoft's North American desktop users as well as providing technical consulting to Microsoft Asian server users.

Ms. Zhao Xia (趙霞) ("**Ms. Zhao**"), aged 44, was appointed as an independent non-executive Director and a member of the Audit Committee of the Company on 8 April 2024.

Ms. Zhao holds (i) a bachelor's degree in law from the Northwest University of Political Science and Law; (ii) a master's degree in law (civil and commercial law) from the Wuhan University; (iii) a degree of master of common law from The University of Hong Kong; and (iv) a juris doctor degree from the Renmin University of China. Ms. Zhao was a postdoctoral researcher and assistant researcher at the China Institute of Applied Law of the Supreme Court of the PRC from September 2016 to March 2020 and fourth-level senior judge of the Shenzhen Intermediate People's Court from July 2002 to June 2019. She has also been an associate professor and master's students' tutor at the Chinese University of Political Science and Law since March 2020.

SENIOR MANAGEMENT

Mr. WANG Yantao (王彥濤) ("**Mr. YT Wang**"), aged 45, the vice president of Xinyuan Science, is responsible for overseeing property management and business development of the Group. Mr. YT Wang joined the Group in February 2003 as a customer service officer. He was appointed as the business executive of Xinyuan Science in January 2012 and has been appointed as the vice president of Xinyuan Science since June 2016. Since April 2023, he has been appointed as president of the property management department of Xinyuan Science.

Mr. YT Wang obtained a diploma in property management from Henan Business School of High Education (河南商業高等專科學校) in the PRC in July 2003 and a master's degree in business administration from Zhengzhou University (鄭州大學) in the PRC in December 2015.

Mr. TANG Yucao (湯宇操) ("**Mr. Tang**"), aged 45, the president of the diversified business department of Xinyuan Science, is responsible for management of the Group's diversified business. He is a veteran in strategy, investment and M&A operations, and has worked successively as human resources and investment head at Neolink, cloud and AI strategy and investment head at JD Cloud, M&A and investment general manager at Galaxy Internet Group, managing partner at StratOp Group. Mr. Tang has been appointed vice president of Xinyuan Science since September 2022 and was appointed president of the diversified business department of Xinyuan Services in April 2023.

Mr. Tang obtained a diploma in hydraulic engineering from Tsinghua University in 2007 and a Master's degree from the University of Texas at Austin in 2009.

Mr. WU Xinmin (武心民) ("**Mr. Wu**"), aged 47, the vice president of the investment and development centre of Xinyuan Science, is responsible for the Group's property investment, expansion and business management. He worked successively as property engineering officer at Longfor Intelligent Living, general manager of the strategic cooperation department of Cifi Ever Sunshine Services, general manager of the property operations management department of Wanda Real Estate Group, chief executive of the alliance centre of the property management group of Zhongliang Holdings Group, chairman of the board of directors of the property management group of Yurun Group, general manager of Aocean Property Management of Guorui Group. Mr. Wu has been appointed vice president of the investment and development centre of Xinyuan Science since October 2023.

Mr. Wu obtained a diploma in Heating, Gas, Ventilation and Air Conditioning Engineering from Beijing Xinghua University in July 2000, a diploma in Automation from Beijing University of Chemical Technology in March 2012, and an Executive Master of Business Administration degree from the IPAG Business School in 2021.

Mr. LIU Zhe (劉哲) ("**Mr. Liu**"), aged 40, the general manager of organisation structure of Xinyuan Science, is responsible for the Group's manpower and administrative management. He is a veteran professional in human resources management and has worked successively at Wanda Group business headquarters, Dun & Bradstreet's joint venture company in China, and Hisense Group, before joining Xinyuan in 2014. He was appointed manpower and administrative director of Xinyuan Group and Xinyuan Science in January 2022, manpower and administrative director of Xinyuan Science Xinzhixiang Beijing in August 2022, and general manager of organisation structure of Xinyuan Science in April 2023.

Mr. Liu obtained a diploma from China Youth University of Political Studies in 2008.

Ms. ZHANG Rong (張蓉) ("**Ms. Zhang**"), aged 54, the operations chief manager of Xinyuan Science, is responsible for overseeing business operations and performance appraisal. Ms. Zhang joined the Group in August 2006 as a quality control supervisor with Xinyuan Science. She was appointed as an administrative executive of Xinyuan Science in January 2012 and has been appointed as the operations chief manager of Xinyuan Science since April 2017.

From September 1991 to August 2002, Ms. Zhang acted as the office manager at Xinyang Port Transportation Machinery Factory (信陽港口運輸機械廠). From August 2002 to August 2006, she acted as the management representative and project manager at Zhengzhou XSJ Property Services Ltd. (鄭州新世紀物業服務有限公司).

Ms. Zhang obtained a college degree in library science from Zhengzhou University (鄭州大學) in the PRC in June 1991 and a bachelor's degree in law from Second Artillery Command College (第二炮兵指揮學院) in the PRC in June 2001. She has been registered as a member in the specialty of file with Xinyang Municipal People's Government (信陽市人民政府) since April 2001, a property manager with Department of Human Resources and Social Security of Zhengzhou (鄭州市人力資源和社會保障局) since October 2010. Further, she completed state-owned or mid-sized corporations management personnel business administration training with Henan Finance and Economics School (河南財經學院) in the PRC in June 1999. She has been registered as a First Level Corporate Human Resources Manager with the Ministry of Human Resources and Social Security, the PRC since December 2012.

Mr. HUANG Jinfu (黃金甫) ("**Mr. Huang**"), aged 45, the general manager of the planning centre of the office of the board of directors and general manager of the capital market center of Xinyuan Science, is responsible for the affairs of the office of the board of directors and strategic planning. He worked successively at Northeast General Pharmaceutical Factory, Xinyuan Property, Lushang Services, Evergrande Property, before joining Xinyuan Science in 2012. He was appointed business president of Xinyuan Science in April 2015, later serving as information president, strategy president and president of the office of the board of directors. Since April 2023, he has been appointed general manager of the planning centre of the office of the board of directors of Xinyuan Science. Since September 2024, he has also been the General Manager of the capital market center.

Mr. Huang obtained a diploma in Economics from Harbin University of Science and Technology in 2003.

CORPORATE GOVERNANCE REPORT

The Company is committed to achieving high standards of corporate governance. The directors of the Company (the "**Directors**") believe that sound and reasonable corporate governance practices are essential for the continuing growth of the Group and for safeguarding and maximizing shareholders' interests.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**" and "**Stock Exchange**", respectively) as its own code of corporate governance. Throughout the year 2024, the Company has complied with all the code provisions set out in Part 2 of the CG Code, save for the following:

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and the chief executive officer should be segregated and should not be performed by the same individual. Despite deviating from such code provision of the CG Code, the Board believes that Mr. SHEN Yuan-Ching is familiar with the Company's business operation and vesting the roles of both the chairman of the Board and chief executive officer of the Company in the same person can facilitate the execution of the Group's business strategies, boost effectiveness of its operation and improve the efficiency of overall strategic planning for the Company. Under the Board's supervision, it ensures that the Board remains appropriately structured with the balance of power to provide sufficient checks for protecting the interests of the Company and its shareholders.

THE BOARD

Responsibilities

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

The Company supports the division of responsibility between the Chairman and the Chief Executive Officer in order to ensure a balance of power and authority and preserve a balance judgement of views. The Chairman of the Board is responsible for leading the Board, giving weighty strategic advice of development and overseeing the Company in formulating regulatory plans in corporate governance of the Group while the Chief Executive Officer is responsible for leading the senior management of the Company, advising strategic directions, setting business goals, supervising the daily management as well as the business operations and development of the Group.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its shareholders at all times.

Board Composition

As at the date of this annual report, the Board comprises eight Directors, including three executive Directors, one non-executive Director and four independent non-executive Directors as set out below:

Executive Directors
Mr. SHEN Yuan-Ching *(Chairman)*
Mr. FENG Bo
Mr. WANG Yong

Non-executive Director
Mr. TIAN Wenzhi

Independent Non-executive Directors
Mr. LAN Ye
Mr. LI Yifan
Mr. LING Chenkai
Ms. ZHAO Xia (appointed on 8 April 2024)

All Directors have distinguished themselves in their field of expertise, and have exhibit high standards of personal and professional ethics and integrity. The biographies of the Directors are set out under the section headed "Directors and Senior Management" of this annual report.

The Company complied with Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive director representing at least one-third of the Board.

Each of the independent non-executive Directors has confirmed his/her independence pursuant to Rule 3.13 of the Listing Rules and the Company considers each of them has satisfied his/her independence to the Group.

Ms. ZHAO Xia, who was appointed as an independent non-executive Director on 8 April 2024, had obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 8 April 2024, and she has confirmed that she understood her obligations as a Director of the Company.

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

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

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

Each newly appointed Director is provided with necessary induction and information to ensure that he has a proper understanding of the Company's operations and businesses as well as his responsibilities under relevant status, laws, rules and regulations.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

The Company also arranges regular seminars to provide Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

Pursuant to code provision C.1.4 of the CG Code, 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.

Below is the record of participation in continuous professional development programme by the Directors during the year ended 31 December 2024 relevant to the directors' duties and responsibilities, regulatory updates and business, financial and operational matters of the Group.

	Attending seminars/ conferences/ forums	Reading materials
Executive Directors		
Mr. SHEN Yuan-Ching	✓	✓
Mr. FENG Bo	✓	✓
Mr. WANG Yong	✓	✓
Non-executive Director		
Mr. TIAN Wenzhi	✓	✓
Independent non-executive Directors		
Mr. LAN Ye	✓	✓
Mr. LI Yifan	✓	✓
Mr. LING Chenkai	✓	✓
Ms. ZHAO Xia (appointed on 8 April 2024)	✓	✓

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors has entered into a service contract with the Company for a term of three years, which may be terminated by either party giving not less than three months' prior notice in writing and is subject to termination provisions therein and retirement and re-election at the annual general meetings of the Company in accordance with the memorandum and articles of association of the Company (the "**Memorandum and Articles of Association**") or any other applicable laws from time to time whereby he/she shall vacate his/her office.

Each of the non-executive Director and independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years unless either party gives three months written notice to the other to terminate the letter of appointment before expiry of the existing term, and is subject to retirement by rotation in accordance with the Memorandum and Articles of Association.

None of the Directors has a service agreement which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

In accordance with the provisions of the Memorandum and Articles of Association, every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years; any Director appointed by the Board either to fill a casual vacancy or as an addition to the Board shall hold office until the next first annual general meeting of the Company after his appointment and shall then be eligible for re-election at that meeting.

The procedures and process of appointment, re-appointment and continuation (or not) in service of any Director are set out in the Memorandum and Articles of Association. The Nomination Committee is responsible for reviewing the composition of the Board, monitoring the appointment, re-appointment and continuation (or not) in service of any Director.

BOARD MEETINGS

The Company has adopted the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than 14 days will be given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

For other Board and Board Committee meetings, reasonable notice will generally be given. The agenda and accompanying Board papers are dispatched to the Directors or committee members seven days (and in any event not less than three days) before the meetings to ensure that they have sufficient time to review the papers and be adequately prepared for the meetings. When Directors or committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting.

Minutes of the Board meetings and committee meetings will be recorded in sufficient detail the matters considered by the Board and the committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and committee meeting are/will be sent to the Directors for comments within a reasonable time after the date on which the meeting is held.

MECHANISMS TO ENSURE INDEPENDENT VIEWS AND INPUT

The Board regularly reviewed the implementation and effectiveness of mechanisms to ensure independent views and input are available to the Board. Taking into account the following channels, the Board considered that the Company had in place mechanisms which remain effective to ensure a strong independent element on the Board:

- a sufficient number of three Independent non-executive Directors representing at least one-third of the Board and all of them continue to devote adequate time contribution to the Company;
- the independent non-executive Directors have an equal status to other Board members;
- all independent non-executive Directors share their views and opinions through regular meetings;
- annual meeting between the Chairman and all Independent non-executive Directors without presence of other Directors providing effective platform for the Chairman to listen independent views on various issues concerning the Group;
- interaction with management and other Board members including the Chairman outside the boardroom upon request by the Directors; and
- independent professional advice would be provided to Independent Non-executive Directors upon reasonable request to assist them to perform their duties to the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuer (the "**Model Code**") set out in Appendix C3 to the Listing Rules. Specific enquiries have been made to all Directors and all Directors have confirmed that they have complied with the Model Code for the year ended 31 December 2024.

DELEGATION BY THE BOARD

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

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

CORPORATE GOVERNANCE FUNCTION

The Board is also responsible for the Company's corporate governance functions to perform the following corporate governance duties:

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

(b) to review and monitor the training and continuous professional development of Directors and senior management of the Company;

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

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

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

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company has established a formal and transparent procedure for formulating policies on remuneration of Directors and senior management of the Group. Details of the remuneration of each of the Directors for the year ended 31 December 2024 are set out in note 9 to the consolidated financial statements in this annual report.

The biographies of the Directors and senior management are disclosed in the section headed "Directors and Senior Management" in this annual report. Remuneration paid to the top senior management (excluding the Directors) for the year ended 31 December 2024 fell within the following bands as follows:

Remuneration Band	No. of employees
HK$1,000,001 to HK$1,500,000	2

DIRECTORS' LIABILITY INSURANCE

The Company has arranged appropriate insurance cover in respect of legal action against its Directors.

BOARD COMMITTEES

Nomination Committee

The Nomination Committee was established on 16 September 2019 and the written terms of reference of the Nomination Committee had been adopted by the Board and were posted on the websites of the Company and the Stock Exchange.

The Nomination Committee is comprised of three members, namely Mr. SHEN Yuan-Ching (an executive Director), Mr. LAN Ye (an independent non-executive Director) and Mr. LING Chenkai (an independent non-executive Director). Mr. SHEN Yuan-Ching is the chairman of the Nomination Committee.

The Nomination Committee will assess the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. The recommendations of the Nomination Committee will then put to the Board for decision.

The primary duties of the Nomination Committee include:

– to review the structure, size and composition of the Board;

– to develop and maintain a policy for the nomination of Board members;

– to develop and maintain a policy concerning diversity of Board members (the "**Board Diversity Policy**");

- to review the board diversity policy of the Company;
- to identify individuals suitably qualified to become members of the Board;
- to assess the independence of independent non-executive Directors; and
- to make recommendation to the Board on matters relating to (i) the role, responsibilities, capabilities, skills, knowledge, experience and diversity of perspectives required from members of the Board; (ii) the policy on the terms of employment of non-executive Directors; (iii) the composition of the Audit Committee, Remuneration Committee and other Board committees of the Company; (iv) proposed changes to the structure, size and composition of the Board; (v) candidates suitably qualified to become members of the Board; (vi) the selection of individuals nominated for directorship; (vii) the re-election of any Directors who are to retire by rotation; (viii) the continuation (or not) in service of any independent non-executive Directors serving more than nine years; (ix) the appointment or re-appointment of Directors; (x) succession planning for Directors in particular the chairman and the chief executive; and (xi) the policy concerning the diversity of Board members, and the measurable objectives for implementing such policy.

During the year ended 31 December 2024, the Nomination Committee held three meetings and undertook the following work:

- to make recommendation to the Board on the appointment of an independent non-executive Director;
- to review the structure, size and composition of the Board (including the skills, knowledge and experience of its members);
- to make a recommendation to the Board on the re-election of retiring Directors at the forthcoming annual general meeting;
- to review the Board diversity policy; and
- to assess the independence of independent non-executive Directors.

During the year ended 31 December 2024, in order to comply with the diversity requirement of Rule 13.92 of the Listing Rules, the Nomination Committee has taken active steps to identify suitable candidates that meet relevant requirements (including but not limited to bringing in new perspectives to the Board, having professional knowledge and working experience in finance, auditing, accounting or law, and contributing to the diversity of the Board).

Policy for the Nomination of Directors

The Company follows a formal, considered and transparent procedure for the appointment of new Directors for the Board to achieve a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's strategic focus and specific business needs. Recognising the vitality of diversity for the Board, the Company has adopted a board diversity policy.

The Nomination Committee reviews the structure, size and composition of the Board regularly and makes recommendation to the Board to complement the corporate strategy of the Company. The appointment of a new Director is a collective decision of the Board, taking into consideration the procedures for Shareholders to propose a person for election as a Director of the Company and the Board Diversity Policy. The Board believes that changes to the Board composition shall be managed without undue disruption, and shall continue to provide a balanced composition of the executive Directors, the non-executive Directors (including independent non-executive Directors) so that there is a strong independent element in the Board, which can effectively exercise independent judgement.

Board Diversity Policy

The Company has adopted a board diversity policy which sets out the approach to achieve diversity on the Board in order to enhance the quality of its performance. Pursuant to the Board Diversity Policy, the Company seeks to achieve board diversity through the consideration of a number of factors when selecting the candidates to the Board, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service.

The Nomination Committee is responsible for reviewing and monitoring the implementation of the Board Diversity Policy to ensure the effectiveness of the Board Diversity Policy.

As at the date of this Annual Report, the Board comprises eight Directors, with one female Director. The Board considers the current Board composition has provided the Company with a good balance and diversity of skills and experience appropriate to the requirements of its business, and allowed opinion from different gender and background be heard and discussed, and Board diversity (including gender diversity) has been achieved, with reference to the current circumstances of the Company. The Board targets to maintain the current level of at least one female representation on the Board. The Board will continue review its structure to ensure it suits the requirement of its business and support the development of the Group. If situation evolves and the Board determines that an additional or replacement Director is required to achieve gender diversity or to suits the business requirements and support the development of the Group, the Company will deploy multiple channels for identifying suitable director candidates, including without limitation, referral from management, shareholders and advisors of the Company, or internal promotion, with regards to the range of diversity perspectives set forth in the Board Diversity Policy.

As at 31 December 2024, the Group had 2,166 employees in total with 977 female employees and 1,189 male employees, representing 45.1% and 54.9% of the workforce (including senior management), respectively. The Group targets to further improve the current level of female representation over time.

Remuneration Committee

The Remuneration Committee was established on 16 September 2019 and the revised written terms of reference of the Remuneration Committee had been adopted by the Board and were posted on the websites of the Company and the Stock Exchange.

The Remuneration Committee is comprised of three members, namely Mr. LING Chenkai (an independent non-executive Director), Mr. SHEN Yuan-Ching (an executive Director) and Mr. LI Yifan (an independent non-executive Director). Mr. LING Chenkai is the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee include:

– to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

– to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

– either to determine, with delegated responsibility or to make recommendations to the Board on the remuneration packages of individual executive directors and senior management, this should include benefits in kind, pension, rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

– to make recommendations to the Board on the remuneration of non-executive Directors;

– to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions;

– to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment;

– to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct;

– to ensure that no Director or any of his associates is involved in deciding his remuneration; and

– to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

During the year ended 31 December 2024, the Remuneration Committee held five meetings and undertook the following work:

– to make recommendation to the Board on the remuneration package of a proposed independent non-executive Director;

– to review the overall remuneration policy and structure for the Directors and senior management of the Company (including performance-based remuneration);

– to discuss the equity incentive scheme for senior executives;

– to discuss the annual performance evaluation plan for core senior executives;

– to consider and approve the proposed remuneration packages for the executive Directors and senior management for the year ended 31 December 2024;

– to consider and approve the proposed remuneration packages for the non-executive Directors for the year ended 31 December 2024; and

– to consider and approve the proposed remuneration packages for the independent non-executive Directors for the year ended 31 December 2024.

Furthermore, the Remuneration Committee also discussed and approved the grant of awarded shares to two executive Directors during the year ended 31 December 2024.

On 8 July 2024, the Board resolved to grant (i) 17,025,000 awarded shares to Mr. SHEN Yuan-Ching ("**Mr. Shen**"), the chairman, an executive Director and the chief executive officer of the Company; and (ii) 8,512,500 awarded shares to Mr. WANG Yong ("**Mr. Wang**"), an executive Director and the chief financial officer of the Company, under a one-off share scheme proposed to be adopted pursuant to Chapter 17 of the Listing Rules (the "**Conditional Grants**"). The awarded shares were not subject to any vesting period, performance targets or clawback mechanism.

Both Mr. Shen and Mr. Wang are executive Directors and employees of the Company who had made immense contributions to the Group and assisted in the resumption of trading in the Shares since the suspension on 16 November 2022 and maintaining the normal operation of the business of the Group. As members of the independent investigation committee of the Company set up to investigate into the unauthorised pledges (the "**Pledges**", the details of which are set out in the announcement of the Company dated 11 June 2024), Mr. Shen and Mr. Wang worked diligently with the independent advisor to conduct investigations into the Pledges and both of them played an important role in the Group's internal control system to maintain the Company's operational independence from its controlling shareholder to ensure that no incident similar to the Pledges would happen in the future. In addition, under their leadership, the Company achieved satisfactory financial results for the year ended 31 December 2023, as demonstrated by the stable increase in revenue and the record of a net profit after tax as compared to a loss after tax for the same period in 2022. In light of the past contribution of Mr. Shen and Mr. Wang and to incentivise their continued contribution to the Group, the Board and the Remuneration Committee resolved to make the Conditional Grants.

The Remuneration Committee were of the view that the Conditional Grants without vesting period, performance targets and clawback mechanism were justified on the following grounds:

(i) the grant and immediate vesting of the awarded shares would give an immediate incentivising effect to the grantees which would be a more attractive motivation for them to continue to serve such roles and contribute to the Group's business;

(ii) it was intended that the compensation structure of Mr. Shen and Mr. Wang would comprise certain share awards. However, the Shares were suspended from trading from 16 November 2022, shortly after the redesignation/appointment of Mr. Shen and Mr. Wang. The suspension of trading in the Shares had restricted the ability of the Company to make share awards to Mr. Shen and Mr. Wang. If trading in the Shares had not been suspended, Mr. Shen and Mr. Wang would have been granted the awarded shares in around end of 2022;

(iii) each of Mr. Shen and Mr. Wang had sufficiently proven their ability and contribution to the Group with their past performance, as summarised above;

(iv) the fact that Mr. Shen and Mr. Wang agreed to a non-disposal undertaking in respect of the awarded shares until 31 December 2025 has a similar effect as a vesting period;

(v) the immediate vesting of the awarded shares rendered any clawback mechanism impracticable;

(vi) it is not uncommon for listed issuers not to impose any vesting period or set future performance targets for the grantees when the grants are more of a recognition of the grantees' past contributions, having taken into account some recent market precedents in relation to the grant of awarded shares by companies listed on the Stock Exchange to connected persons; and

(vii) it would provide more flexibility for such grantees, who are executive Directors, in determining and adjusting the business strategy for the Group's development from time to time.

Based on the above, the Remuneration Committee considered that the absence of vesting period, performance target or clawback mechanism aligned with the purpose of the Conditional Grants, which were to recognise the grantees' contribution to the business performance and development of the Group and to provide sufficient incentive to retain and motivate the grantees to continue to strive for greater contributions to the Group in the future, which was beneficial to the Group's development in the long term.

The Remuneration Committee considered that the Conditional Grants were in line with the Group's remuneration policy, the purpose of which is to (i) recognise the employees' contribution to the business performance and development of the Group; and (ii) provide sufficient incentive to retain and motivate the employees to continue to strive for greater contributions to the Group in the future.

The Conditional Grants were approved by the Shareholders at the extraordinary general meeting of the Company held on 7 August 2024. More details of the Conditional Grants are set out in the Company's circular dated 22 July 2024.

Audit Committee

The Audit Committee was established on 16 September 2019 and the revised written terms of reference of the Audit Committee had been adopted by the Board and were posted on the websites of the Company and the Stock Exchange.

The Audit Committee is comprised of three independent non-executive Directors, namely Mr. LI Yifan, Mr. LAN Ye, Mr. LING Chenkai (ceased to be a member on 8 April 2024) and Ms. ZHAO Xia (appointed as a member on 8 April 2024), with Mr. LI Yifan possessing the appropriate accounting and financial management expertise as required under Rule 3.10(2) of the Listing Rules. Mr. LI Yifan is the chairman of the Audit Committee. None of the members of the Audit Committee is a former partner of the Company's external auditor.

The primary duties of the Audit Committee include:

– to make recommendations to the Board on the appointment, re-appointment and removal of the external auditor;

– to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

– to develop and implement policy on engaging an external auditor to supply non-audit services;

– to monitor the integrity of the Company's financial statements and annual report and accounts, interim report and to review significant financial reporting judgments contained in them;

– to review the Company's annual report and accounts and interim report prior to submission to the Board for approval;

– to review the Company's financial controls, internal control and risk management systems;

– to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

– to review the Group's financial and accounting policies and practices;

– to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;

– to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter; and

– to report to the Board on the matters set out above.

During the year ended 31 December 2024, the Audit Committee held six meetings and undertook the following significant work:

– to make recommendation to the Board on the appointment of the auditor;

– to consider and approve the audited annual results of the Company and its subsidiaries for the year ended 31 December 2022;

– to consider and approve the accounting treatments adopted in the Group's annual report for the year ended 31 December 2022;

– to consider and recommend to the Board the acceptance of the Audit Committee Report for the year ended 31 December 2022 prepared by Moore CPA Limited;

– to consider and approve the audited annual results of the Company and its subsidiaries for the year ended 31 December 2023;

– to consider and approve the accounting treatments adopted in the Group's annual report for the year ended 31 December 2023;

– to consider and recommend to the Board the acceptance of the Audit Committee Report for the year ended 31 December 2023 prepared by Moore CPA Limited;

– to consider and assess the Group's management systems for internal, financial, risk management and internal control procedures;

– to consider and assess the independence and objectivity of the external auditor, the effectiveness of the audit process, the re-appointment of the external auditor and its remuneration (subject to shareholders' approval), and to make recommendation to the Board;

– to review the compliance status of the deed of non-competition (the "**Deed of Non-competition**") dated 16 September 2019 entered into by the Company's controlling shareholders for the benefit of the Company (for itself and as trustee for its subsidiaries);

– to review the effectiveness of the corporate governance measures adopted for managing any potential or actual conflicts of interest between the Group and the Company's controlling shareholders;

– to consider and recommend to the Board the approval of the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2023;

– to consider and approve the accounting treatments adopted in the Group's interim report for the six months ended 30 June 2023;

– to consider and recommend to the Board the approval of the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2024; and

– to consider and approve the accounting treatments adopted in the Group's interim report for the six months ended 30 June 2024.

Each of the controlling shareholders of the Company has provided with the Company a confirmation on compliance pursuant to their undertakings under the Deed of Non-Competition. The Audit Committee has reviewed the confirmations and noted that during the year ended 31 December 2024, each of the controlling shareholders of the Company has complied with the Deed of Non-Competition. The Audit Committee was not aware of any significant issues that would have an adverse impact on the effectiveness of the corporate governance measures.

ATTENDANCE RECORDS OF BOARD MEETINGS, BOARD COMMITTEE MEETING AND GENERAL MEETINGS

The attendance records of each Director and each member of the Board Committees of the Company at the relevant meetings held during the year ended 31 December 2024 are as follows:

	Actual Attendance/Number of Meetings a Director is entitled to attend				
	Board	Nomination Committee	Remuneration Committee	Audit Committee	General Meeting
No. of meetings held during the year	11	3	5	6	5
Executive Directors					
Mr. SHEN Yuan-Ching	11/11	3/3	5/5	N/A	5/5
Mr. FENG Bo	11/11	N/A	N/A	N/A	5/5
Mr. WANG Yong	11/11	N/A	N/A	N/A	5/5
Non-executive Director					
Mr. TIAN Wenzhi	10/11	N/A	N/A	N/A	5/5
Independent Non-executive Directors					
Mr. LAN Ye	11/11	3/3	N/A	6/6	5/5
Mr. LI Yifan	11/11	N/A	5/5	6/6	5/5
Mr. LING Chenkai	11/11	3/3	5/5	3/6	5/5
Ms. ZHAO Xia (appointed on 8 April 2024)	8/11	N/A	N/A	3/6	5/5

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements for the year ended 31 December 2024 and ensuring that the preparation of the accounts is in accordance with statutory requirements and applicable accounting standards.

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

The statement by the auditor of the Company regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 98 to 106 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group has maintained an internal control system and internal audit functions and the Directors are responsible for monitoring the implementation of internal control measures and reviewing its effectiveness. With a view to manage the Group's business and operational risks, to ensure smooth operation and to avoid future recurrence of historical non-compliance incidents, the Group has engaged an independent internal control adviser to assist the Group in reviewing and providing recommendations on improving the Group's internal control system, including corporate governance, enterprise risk assessment, internal audit, compliance consultancy and relevant business processes including revenue, purchase, expenses and cost management, fixed assets management, human resources, financial management and information technology. The Audit Committee reviewed at least once a year the findings and recommendations on the risk management and internal control system of the independent internal control advisor and the senior management in their meetings and reported to the Board on such review.

Furthermore, the Company has emphasised to all its financial personnel that the Company's financial management system must be strictly complied with, which requires, amongst others, independent verification with respect to each line entry in the bank transaction records as part of the reconciliation process, and not merely cross-checking of the year-end balance. The Company has also emphasised to its financial personnel that the check and balance is vital in ensuring all cash receipts and payments are recorded in a timely manner.

The Company will have continuous oversight over its internal control systems, on an on-going basis. Notably, for the purposes of testing and assessing its enhanced systems, the Company voluntarily requested that Deloitte Enterprise Consulting (Shanghai) Co., Ltd. Beijing Branch ("**Deloitte Consulting**") conduct an additional review in October 2023 and requested Deloitte Consulting to conduct a review of the Company's relevant operations occurring during the period from 12 June 2024 to 31 December 2024 to verify and assess the implementation status of the remedial actions in January 2025.

Having conducted this further review, Deloitte Consulting is of the view that the current internal control system of the Company is adequate and effective.

In order to further enhance its internal control environment, the Company will adopt the following preventive/detective measures to prevent potential non-compliance with the Listing Rules in the future:

(a) Ensuring the enhanced internal control system is strictly adhered to, the Company will appoint an independent internal control consultant to perform annual internal control review;

(b) Regular review of the key internal control points and regular internal audit;

(c) Ensuring the line of reporting for internal audit is addressed to the Audit Committee, with full transparency over the implementation of the internal control system and enhanced measures;

(d) Regular reminders to directors, senior management and relevant (financial) personnel of the Company, to alert them and increase awareness on the importance of observing the internal control procedures, in accordance with the Listing Rules; and

(e) Regular training and refreshers for all directors, senior management and relevant (financial) personnel of the Company.

The risk management and internal control systems are designed to manage, rather than eliminate business risk; to help safeguard the Group's assets against fraud and other irregularities; and to give reasonable, but not absolute, assurance against material financial misstatement or loss. In addition, it should provide a basis for the maintenance of proper and fair accounting records and assist in the compliance with relevant rules and regulations.

During the year ended 31 December 2024, the Board, as supported by the Audit Committee as well as the management, reviewed the overall effectiveness of the Group's risk management and internal control systems, covering financial, operational and compliance controls and risk management functions, which included the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function, and their training programs and budget.

The Company has also developed its disclosure policy to guide the Company's Directors, officers, senior management and relevant employees to handle confidential information, monitor information disclosure and respond to enquiries. Monitoring and control procedures have been implemented to prohibit the unauthorised access and use of inside information.

Whistleblowing procedures are in place to facilitate employees of the Company to raise, in confidence and anonymity, concerns about improprieties (such as criminal offences or financial impropriety) or other matters of the Company.

The Company has in place written measures and procedures on guiding Directors, officers and relevant employees regarding securities dealing restrictions and handling of confidential and inside information.

The Directors have confirmed that the Group had adopted all internal control measures and policies suggested by Deloitte Consulting and did not have any significant or material deficiencies in its internal control system as at the date of publication of this annual report. The Directors consider that the Group's risk management and internal control system to be effective and sufficient.

AUDITOR'S REMUNERATION

For the year ended 31 December 2024, the total remuneration paid or payable to the Company's auditors, KTC Partners CPA Limited and Elite Partners CPA Limited, for annual audit and other audit services totally amounted to RMB1,627,000. The non-audit services are in relation to performing the agreed-upon procedures on the 2024 interim results.

An analysis of the remuneration paid or payable to KTC Partners CPA Limited and Elite Partners CPA Limited is set out below:

Description of services performed	Amount RMB'000
Audit and assurance services	1,200
Non-audit services	427
Total	1,627

The Board and the Audit Committee have agreed on the re-appointment of KTC Partners CPA Limited as the external auditor of the Group for the year ending 31 December 2025 and the proposal will be submitted for approval at the forthcoming annual general meeting of the Company.

COMPANY SECRETARY

The Company engages an external service provider to provide company secretarial services and Mr. TSO Ping Cheong Brian ("**Mr. Tso**") was appointed one of the joint company secretaries of the Company on 19 April 2019. Following the resignation of Mr. XU Yibin as the other joint company secretary on 20 May 2021, Mr. Tso became the company secretary of the company. Mr. Tso has assisted on the company secretarial matters of the Company. The primary contact person in the Company for Mr. Tso in relation to corporate secretarial matters is Mr. HUANG Jinfu, the general manager of the planning centre of the office of the board of directors of Xinyuan Science. For the year ended 31 December 2024, Mr. Tso had complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of relevant professional training. Since Mr. Tso is an external service provider, Mr. SHEN Yuan-ching, the Chairman of the Board, would be the person at the Company whom Mr. Tso can contact according to code provision C.6.1 of the CG Code.

Mr. Tso has resigned as the Company Secretary of the Company on 26 February 2025 and Ms. CHAN Charmayne ("**Ms. Chan**") has been appointed as the Company Secretary of the Company on 26 February 2025 following the resignation of Mr. Tso. Since Ms. Chan is an external service provider, Mr. SHEN Yuan-ching, the Chairman of the Board, would be the person at the Company whom Ms. Chan can contact according to code provision C.6.1 of the CG Code.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Group recognizes the importance of transparent and timely disclosure of corporate information, which enables the shareholders and investors to make the best investment decision. The Company believes the effective communication with the shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies.

The Company maintains a website at www.xypm.hk as a communication platform with shareholders and investors, where information on the Company's announcements, financial information and other information are available for public access. The shareholders and investors may send written enquires or requests to the Company's principal place of business in Hong Kong at Unit B, 17/F, Admiralty Centre, 95 Queensway, Admiralty, Hong Kong for the attention of the company secretary of the Company.

Besides, shareholders' meetings provide an opportunity for communication between the Board and the shareholders, Board members and appropriate senior staff of the Group will be available at the meeting to answer any questions raised by the shareholders.

The Company has also established a shareholders' communication policy to ensure the shareholders are provided with ready, equal and timely access to balanced and understandable information about the Company. The policy is regularly reviewed to ensure its effectiveness and is available on written request to the company secretary of the Company.

Taking into account the variety of existing channels for communication and participation, the Company is of the view that its shareholders' communication policy was effective and adequate during the year ended 31 December 2024. The Company will continue to review the implementation and effectiveness of the policy by shareholders' feedback from the previous mentioned channel.

SHAREHOLDERS' RIGHTS

Convening an Extraordinary General Meeting by Shareholders and Putting Forward Proposals

Under the Memorandum and Articles of Association, an extraordinary general meeting ("**EGM**") may be convened by the Board or resolutions shall be added to the agenda of a general meeting upon requisition by any two or more shareholders holding not less than one-tenth of the voting rights on a one vote per share basis in the share capital of the Company. EGM may also be convened by the Board or resolutions shall be added to the agenda of a general meeting upon requisition by any one member which is a recognized clearing house (or its nominees) holding not less than one-tenth of the voting rights on a one vote per share basis in the share capital of the Company. The shareholder(s) shall make a written requisition to the Board or the company secretary at the Company's principal place of business in Hong Kong, specifying the shareholding information of the shareholder(s), his/her/its contact details and the proposal regarding any specifying transaction/business and its supporting documents.

If within 21 days of deposit of such written requisition, the Board fails to proceed to convene such EGM, the requisitionist(s) themselves or any of them 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 them by the Company.

Making enquiries to the Board

The shareholders shall direct their questions about their shareholdings to the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

DIVIDEND POLICY

The Company adopted a dividend policy on 27 March 2020. Pursuant to the Company's dividend policy, the dividend payout ratio shall be determined by the Board from time to time. The remaining net profit will be used for the Group's operations and development. In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, among other things, the following factors:

(a) the Company's current and future operations, actual and expected financial performance;

(b) any corporate development plans;

(c) the Group's liquidity position, working capital and capital expenditure requirements and future expected capital needs;

(d) the level of the Group's debt to equity ratio, return on equity and the relevant financial covenants;

(e) any restrictions on payments of dividends that may be imposed by the Group's lenders or other third parties;

(f) retained earnings and distributable reserves of the Company and each of the members of the Group;

(g) general economic conditions, the business cycle of the Group's business and other internal and external factors that may have an impact on the business or financial performance and position of the Company; and

(h) any other factor that the Board deems appropriate and relevant.

The recommendation of the payment of dividend is subject to the determination of the Board, and any declaration of final dividend for a financial year will be subject to the approval of the shareholders of the Company. The declaration and payment of dividends is also subject to any restrictions under the Companies Law of the Cayman Islands, any applicable laws, rules and regulations, including the Listing Rules, and the Company's Articles of Association.

CONSTITUTIONAL DOCUMENTS

The latest version of the Memorandum and Articles of Association, which was adopted by passing of a special resolution by the shareholders of the Company at the annual general meeting held on 27 May 2022, is available on the websites of the Company (www.xypm.hk) and the Stock Exchange (www.hkexnews.hk).

REPORT OF THE DIRECTORS

The board (the "**Board**") of directors (the "**Directors**") of Xinyuan Property Management Service (Cayman) Ltd. (the "**Company**") is pleased to present their report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2024.

CORPORATE INFORMATION AND GLOBAL OFFERING

The Company was incorporated in the Cayman Islands on 13 December 2018 as an exempted company with limited liability. The Company carried out the global offering (the "**Global Offering**"), comprising 125,000,000 shares in the Company (the "**Shares**") at HK$2.08 per Share and the Shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 11 October 2019 (the "**Listing Date**"). For details of the relevant use of proceeds, please see the section headed "Use of Proceeds from Listing" in this annual report.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Through its subsidiaries, the Company provides property management services, value-added services and pre-delivery and consulting services. Details of the principal activities of the Company's subsidiaries are set out in note 1 to the consolidated financial statements of this annual report.

BUSINESS REVIEW AND PERFORMANCE

The business review of the Group including the information below are set out in the Chairman's Statement and the Management Discussion and Analysis on pages 6 to 34 of this annual report:

(a) A fair review of the Group's business;

(b) A description of the principal risk management strategies of the Group;

(c) An analysis using financial key performance indicators; and

(d) An indication of likely future development in the Group's business.

RESULTS

The results and financial positions of the Group for the year ended 31 December 2024 and as at the date are set out in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of financial position on pages 107 and 109 of this annual report.

FINAL DIVIDEND

The Board recommend the payment of a final dividend of HK2.73 cents per share (2023: nil) for the year ended 31 December 2024 to the shareholders of the Company (the "**Shareholders**"). The final dividend is subject to the approval of the Shareholders at the Company's forthcoming annual general meeting.

RESERVES

Movements during the year in the reserves of the Group and the Company are set out in the consolidated statement of change in equity and note 31 to the consolidated financial statements in this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company's reserves available for distribution, calculated in accordance with the provisions of the Cayman Companies Act, amounted to approximately RMB528 million, provided that the Company will be able to pay its debts as they fall due in the ordinary course of business immediately following the distribution or proposed distribution.

FINANCIAL SUMMARY

A summary of the results, assets, liabilities of the Group for the past five financial years is set out on page 224 of this annual report.

MAJOR RISKS AND UNCERTAINTIES

The industry in which we operate and our performance are affected by the overall economic environment and industry regulatory requirements. We may also be affected by daily operational risks such as contract renewal and market development, as well as external circumstances such as natural disasters, public health events, government policies and regulations.

IMPORTANT RELATIONSHIP WITH CUSTOMERS, SUPPLIERS AND EMPLOYEES

The Group understands the importance of maintaining a good relationship with its employees, customers and suppliers to meet its immediate and long-term business goals. During the year ended 31 December 2024, there was no material and significant dispute between the Group and its employees, customers and suppliers.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environment and giving back to the community and achieving sustainable group. The Group endeavours to comply with the relevant laws and regulations regarding environmental protection and adopt effective measures to achieve efficient use of resources, waste reduction and energy saving.

In accordance with Rule 13.91 and the Environmental, Social and Governance Reporting Code contained in Appendix C2 to the Listing Rules, the Company's environmental, social and governance report will be available on the Company's website at the same time as the publication of this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

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

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended 31 December 2024, total revenue from the Group's largest customer, Xinyuan Real Estate Co., Ltd ("**Xinyuan Real Estate Holdings**") and its subsidiaries (collectively "**Xinyuan Real Estate Group**"), and the five largest customers accounted for approximately 7.9%% and 3.6% of the Group's total sales for the year respectively. Xinyuan Real Estate Group is a connected person of the Group. Save for Xinyuan Real Estate Group, none of the Directors or their close associates or any shareholder (which to the knowledge of the Directors owns more than 5% interest in the Company) had any interest in any of the five largest customers for the year ended 31 December 2024.

For the year ended 31 December 2024, total purchases from the Group's largest supplier and the five largest suppliers accounted for approximately 11.3% and 25.4% of the Group's total purchases respectively. Save for Xinyuan Real Estate Group, none of the Directors or their close associates or any shareholder (which to the knowledge of the Directors owns more than 5% interest in the Company) had any interest in any of the five largest suppliers for the year ended 31 December 2024.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2024 are set out in note 30 to the financial statements in this annual report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Save as disclosed in this annual report, neither the Company nor any of its subsidiaries purchased, sold, or redeemed any of the Company's listed securities (including treasury shares, as defined under the Listing Rules) during the Year and until the date of this annual report.

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

BORROWINGS

As at 31 December 2024, the Group had no borrowings.

DIRECTORS

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

Executive Directors
Mr. SHEN Yuan-Ching *(Chairman)*
Mr. FENG Bo
Mr. WANG Yong

Non-executive Director
Mr. TIAN Wenzhi

Independent non-executive Directors
Mr. LAN Ye
Mr. LI Yifan
Mr. LING Chenkai
Ms. ZHAO Xia (appointed on 8 April 2024)

In accordance with the provisions of the Company's memorandum and articles of association (the "**Memorandum and Articles of Association**"), every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years and any Director appointed by the Board either to fill a casual vacancy or as an addition to the Board shall hold office only until the next first annual general meeting of the Company after his appointment and shall then be eligible for re-election at that meeting.

In accordance with article 16.19 of the Memorandum and Articles of Association, Mr. WANG Yong, Mr. FENG Bo and Mr. LING Chenkai will retire by rotation and being eligible, will offer themselves for re-election at the Company's forthcoming annual general meeting.

Details of the Directors to be re-elected at the Company's forthcoming annual general meeting will be set out in the circular to the shareholders.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTOR

The Company confirms that it has received from each of the independent non-executive Directors an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and still considers that all independent non-executive Directors have satisfied their independence to the Group.

DIRECTORS' SERVICE CONTRACTS

Each of executive Directors has entered into a service contract with the Company for a term of three years which may be terminated by either party giving not less than three months' prior notice in writing and is subject to termination provisions therein and retirement and re-election at the annual general meetings of the Company in accordance with the Memorandum and Articles of Association or any other applicable laws from time to time whereby he/she shall vacate his/her office.

Each of non-executive Director and independent non-executive Directors has entered a letter of appointment with the Company for an initial term of three years, unless either party gives three months prior written notice to the other to terminate the letter of appointment before expiry of the existing term, and is subject to retirement by rotation in accordance with the Memorandum and Articles of Association.

None of the Directors has a service agreement which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' MATERIAL INTEREST IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE GROUP'S BUSINESS

Save as disclosed under the section headed "Connected Transactions" and note 35 to the financial statements contained herein, there was no transaction, arrangement and contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any Director of the Company or an entity connected with any Director has a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2024.

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDER

Save as disclosed under the section headed "Connected Transactions" and note 35 to the financial statements contained herein, there was no contract of significance entered into between the Company, or any of its subsidiaries, and a controlling shareholder of the Company, or any of its subsidiaries, during the year.

EMOLUMENTS OF DIRECTORS AND SENIOR MANAGEMENT

The emoluments of the Directors and senior management of the Group are decided by the Board with reference to the recommendation given by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

Details of the emoluments of the Directors and senior management are set out in notes 9 and 10 to the financial statements in this annual report.

No emoluments were paid by the Group to any Director or chief executive as an inducement to join or upon joining the Group or as compensations for loss of office for the year and none of the Directors has waived any emoluments for the year.

PERMITTED INDEMNITY PROVISION

Pursuant to the Memorandum and Articles of Association, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted. The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group during the year, which remains in force.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management are set out in the section headed "Directors and Senior Management" on pages 35 to 42 of this annual report.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the section headed "Share Schemes" below, there were no equity-linked agreements entered into during the year or subsisting at 31 December 2024 that would or may result in the Company issuing shares or that requires the Company to enter into any agreements that would or may result in the Company issuing shares.

SHARE SCHEMES

(a) Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme (the "**Post-IPO Share Option Scheme**") was adopted by a resolution in writing passed by the Shareholders on 16 September 2019 for the purpose of enabling the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. A summary of the principal terms of the Post-IPO Share Option Scheme is set out below:

Participants

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for Shares:

(a) any employee (whether full-time or part-time including any executive director but excluding any non-executive director) of the Company, any of subsidiaries of the Company or any entity ("**Invested Entity**") in which any member of the Group holds an equity interest;

(b) any non-executive directors (including independent non-executive directors) of the Company, any of subsidiaries of the Company or any Invested Entity;

(c) any supplier of goods or services to any member of the Group or any Invested Entity;

(d) any customer of any member of the Group or any Invested Entity;

(e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;

(f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;

(g) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and

(h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group;

and, for the purposes of the Post-IPO Share Option Scheme, the offer for the grant of option may be made to any company wholly owned by one or more persons belonging to any of the above classes of participants.

Maximum Number of Shares Available for Issue under the Post-IPO Share Option Scheme

The maximum number of Shares which may be issued upon the exercise of all options to be granted under the Post-IPO Share Option Scheme and any other share option schemes of the Group is 50,000,000, being no more than 10% of the Shares in issue as at the Listing Date (the "**General Scheme Limit**").

The General Scheme Limit may be refreshed at any time by obtaining prior approval of the Shareholders in a general meeting of the Company. However, the refreshed General Scheme Limit cannot exceed 10% of the Shares in issue as at the date of such approval, and for the purpose of calculating the latest refreshed limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Post-IPO Share Option Scheme and any other share option schemes of the Group) previously granted under the Post-IPO Share Option Scheme and any other share option schemes of the Group will not be counted.

The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other share option schemes adopted by the Group must not in aggregate exceed 30% of the share capital of the Company in issue from time to time.

As at the date of this annual report, no options had been granted, agreed to be granted, exercised, cancelled or lapsed pursuant to the Post-IPO Share Option Scheme and therefore the total number of Shares which may be issued upon the exercise of all options to be granted under the Post-IPO Share Option Scheme was 50,000,000 Shares, representing 8.81% of the issued share capital of the Company as at the date of this annual report.

Limit of Each Participant

Unless approved by Shareholders in a general meeting of the Company, the total number of Shares issued and which may fall to be issued upon the exercise of the options granted under the Post-IPO Share Option Scheme and any other share option schemes of the Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.

Time of Acceptance and Exercise of Option

Any option may be accepted by a participant within 21 days from the date of the offer of grant of the option.

An option may be exercised in accordance with the terms of the Post-IPO Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence from the date of the offer for the grant of options is made, but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof.

Unless otherwise determined by the Directors and stated in the offer for the grant of options to a grantee, there is no minimum period required under the Post-IPO Share Option Scheme for the holding of an option before it can be exercised.

Performance targets

Unless the Directors otherwise determined and stated in the offer for the grant of options to a grantee, a grantee is not required to achieve any performance targets before any options granted under the Post-IPO Share Option Scheme can be exercised.

Subscription Price for the Shares and Consideration for the Option

The subscription price for the Shares under the Post-IPO Share Option Scheme shall be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares on the date of the offer for the grant, which must be a business day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of the offer for the grant; and (iii) the nominal value of a Share.

A nominal consideration of HK$1 is payable on acceptance of the grant of an option.

Life of the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Post-IPO Share Option Scheme is adopted.

The terms of the Post-IPO Share Option Scheme were disclosed in the Company's prospectus dated 25 September 2019. The Post-IPO Share Option Scheme was terminated on 7 August 2024 following its approval by the shareholders at the extraordinary general meeting of the Company. No further options shall be offered or granted under the Post-IPO Share Option Scheme after its termination. As of the date of termination of the Post-IPO Share Option Scheme, no share options had been granted, exercised, lapsed or forfeited under the Post-IPO Share Option Scheme, and the Company had no outstanding unexercised share options, warrants or convertible instruments.

(b) One-off Scheme

A one-off share scheme (the "**One-off Scheme**") for the purpose of granting (i) 17,025,000 awarded shares to Mr. SHEN Yuan-Ching, the chairman, executive director and chief executive officer of the Company; and (ii) 8,512,500 new Shares to Mr. WANG Yong, the executive director and chief financial officer of the Company (the "**Grants**"), was adopted by the Shareholders at the extraordinary general meeting of the Company held on 7 August 2024. The scheme mandate limit of the One-off Scheme is 25,537,500 Shares, being the total number of awarded shares to be allotted and issued under the Share Grants (the "**Awarded Shares**").

No purchase price was payable for the Awarded Shares and the vesting of the Awarded Shares was not subject to any performance target. The Awarded Shares were issued and vested immediately on 13 August 2024. The closing price of the Shares immediately before the date on which the Awarded Shares were granted was HK$0.335. The fair value of the Awarded Shares as at the date of grant (i.e. 8 July 2024) was HK$0.335 which was the fair value of the Shares on the date of grant.

The closing price of the Shares immediately before the date on which the Awarded Shares were vested was HK$0.4.

The One-off Scheme expired upon the vesting of the awarded shares on 13 August 2024. As such, there was no outstanding options or unvested awards under the One-off Scheme as at 31 December 2024 and no further options or awards may be granted under the One-off Scheme.

Details of the One-off Scheme and the Share Grants are set out in the circular of the Company dated 22 July 2024.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2024, the interests and short positions of the Directors and chief executive of the Company in the shares (the "**Shares**"), underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or (b) to be and were entered in the register required to be kept by the Company pursuant to section 352 of the SFO, or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**"), were as follows:.

Interest in the Company

Name	Nature of Interest[(1)]	Number of Shares or underlying Shares	Approximate percentage of Interest in the Company[(1)]
Mr. SHEN Yuan-Ching[(2)]	Interest of a controlled corporation	61,488,000	10.37%
Mr. WANG Yong[(3)]	Interest of a controlled corporation	8,512,500	1.52%
	Beneficial owner	488,000	

Notes:

(1) All interests stated are long position. The percentage of shareholding is calculated on the basis of the number of issued Shares as at 31 December 2024 of 593,037,500.

(2) By virtue of the SFO, Mr. SHEN Yuan-Ching is deemed to be interested in 61,488,000 Shares held by Melmetal Limited, a company wholly owned by Mr. SHEN Yuan-Ching.

(3) By virtue of the SFO, Mr. WANG Yong is deemed to be interested in 8,512,500 Shares held by Diran Peak Limited, a company wholly owned by Mr. WANG Yong.

Save as disclosed above, as at 31 December 2024, none of the Directors and chief executive of the Company held any interest or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, no rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company were granted to any Director or their respective spouse or children under 18 years of age, or were such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate during the year ended 31 December 2024.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITION IN SHARES AND UNDERLYING SHARES

As at 31 December 2024, to the best of the Directors' knowledge, the following persons (other than the Directors and chief executives of the Company) had or deemed or taken to have an interest and/or a short position in the Shares or the underlying Shares which fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept pursuant to Section 336 of the SFO:

Name	Capacity/Nature of Interest[1]	Number of Shares	Approximate percentage of shareholding[1]
Xinyuan Real Estate, Ltd.[2]	Beneficial owner	255,402,000	43.07%
Xinyuan Real Estate Co., Ltd.[2, 3]	Interest of a controlled corporation	255,402,000	43.07%
Xingtai Capital Management Limited	Investment manager	51,000,000	8.60%

Notes:

(1) All interests stated are long position. The percentage of shareholding is calculated on the basis of the number of issued Shares as at 31 December 2024 of 593,037,500.

(2) Xinyuan Real Estate, Ltd. is wholly owned by Xinyuan Real Estate Co., Ltd.. By virtue of the SFO, Xinyuan Real Estate Co., Ltd. is therefore deemed to be interested in 255,402,000 Shares which are interested by Xinyuan Real Estate, Ltd..

(3) Xinyuan Real Estate Co., Ltd., the shares in which are listed on the New York Stock Exchange (stock code: XIN), is owned as to 27.43% by Mr. ZHANG Yong, 25.21% by Spectacular Stage Limited and 47.36% by public shareholders.

Save as disclosed above, as at 31 December 2024, according to the register kept by the Company under Section 336 of the SFO and so far as was known to the Directors, there was no other person (other than Directors or chief executives of the Company) who had an interest and/or short position in the Shares or the underlying Shares which fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

DIRECTOR'S AND CONTROLLING SHAREHOLDER'S INTEREST IN COMPETING BUSINESS

As disclosed in the prospectus dated 25 September 2019, each of Xinyuan Real Estate Holdings and Xinyuan Real Estate, Ltd., the controlling shareholders of the Company, (collectively, the "**Covenantors**" and each a "**Covenantor**") has given non-competition undertakings (the "**Non-Competition Undertakings**") in favor of the Company (for itself and as trustee for each of its subsidiaries) on 16 September 2019, pursuant to which each of the Covenantors has, among other matters, irrevocably undertaken to us on a joint and several basis that at any time during the Relevant Period (as defined below), each of the Covenantors shall, and shall procure that their respective close associates and/or companies controlled by them (other than the Group) shall:

(i) not, directly or indirectly, be interested or involved or engaged in or acquire or hold any right or interest (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) in any business which is or is about to be engaged in any business which competes or is likely to compete directly or indirectly with the business currently and from time to time engaged by the Group (including but not limited to the provision of (i) property management services, (ii) value-added services, (iii) pre-delivery and consulting services, (iv) property marketing services, (v) event planning services and (vi) intelligence engineering services, as described in this prospectus) in the PRC and/or any other country or jurisdiction to which the Group provides such services and/or in which any member of the Group carries on business mentioned above from time to time (the "**Restricted Activity**");

(ii) not solicit any existing employee of the Group for employment by it or its associates (excluding the Group);

(iii) not, without the consent from the Company, make use of any information pertaining to the business of the Group which may have come to its knowledge in its capacity as the controlling shareholder for any purpose of engaging, investing or participating in any Restricted Activity;

(iv) if there is any project or new business opportunity that relates to the Restricted Activity, refer such project or new business opportunity to the Group for consideration;

(v) not invest or participate in any Restricted Activity; and

(vi) procure its associates (excluding the Group) not to invest or participate in any project or business opportunity of the Restricted Activity.

The above undertakings (i) to (vi) are subject to the exception that any of the close associates of the Covenantors and/or companies controlled by the Covenantors (excluding the Group) are entitled to invest, participate and be engaged in any Restricted Activity or any project or business opportunity, regardless of value, which has been offered or made available to the Group, provided always that information about the principal terms thereof has been disclosed to the Company and the Directors, and the Company shall have, after review and approval by a board committee which consists of the Directors (including the independent non-executive Directors) who do not have any directorship in Xinyuan Real Estate Holdings and do not have an interest in such project or business opportunity, confirmed its rejection to be involved or engaged, or to participate, in the relevant Restricted Activity and provided also that the principal terms on which that relevant close associate of the Covenantor(s) or company controlled by the Covenantor(s) invests, participates or engages in the Restricted Activity are substantially the same as or not more favorable than those disclosed to the Company. Subject to the above, if the relevant close associate of the Covenantor(s) or company controlled by the Covenantor(s) decides to be involved, engaged, or participate in the relevant Restricted Activity, whether directly or indirectly, the terms of such involvement, engagement or participation must be disclosed to the Company and the Directors as soon as practicable.

For the above purpose, the "Relevant Period" means the period commencing from the Listing Date and shall expire on the earlier of the dates below:

(a) the date on which the Covenantors and their close associates (individually or taken as a whole) ceases to own 30% of the then issued share capital of the Company (whether directly or indirectly) or cease to be considered as the controlling shareholders of the Company for the purpose of the Listing Rules and do not have power to control the majority of the Board; and

(b) the date on which the Shares cease to be listed on the Stock Exchange.

The controlling shareholders of the Company confirmed that they have complied with the Deed of Non-Competition for the year ended 31 December 2024. No new business opportunity was informed by the controlling shareholders as at 31 December 2024.

The independent non-executive Directors of the Company (except Mr. LI Yifan) who do not have any directorship in Xinyuan Real Estate Holdings have conducted a review for the year ended 31 December 2024 and also reviewed the relevant undertakings and are satisfied that the Deed of Non-Competition has been fully complied.

Save as disclosed above, none of the Directors held any interests in any business that compete directly against the Company or any of its jointly controlled entities and subsidiaries during the year ended 31 December 2024.

CONNECTED TRANSACTIONS

Details of the relevant connected transactions or continuing connected transactions of the Company during the year ended 31 December 2024 are as follows:

(A) Continuing Connected Transactions Fully Exempt from the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements

1. Trademark Licensing Agreement

On 16 September 2019, a trademark licensing agreement (the "**Trademark Licensing Agreement**") was entered into between the Company on one hand and Henan Xinyuan Property Services Co., Ltd. ("**Henan Xinyuan**") and Beijing Aijieli Technology Development Co., Ltd. ("**Beijing Aijieli**") (collectively the "**Licensors**") on other hand, pursuant to which the Licensors agreed to irrevocably and unconditionally grant the Company a non-transferable license to use certain trademarks registered in the names of the Licensors in the PRC for a perpetual term commencing from the date of the Trademark Licensing Agreement on a royalty-free basis. The Trademark Licensing Agreement is not unilaterally terminable by the Licensors.

The Company has been using the abovementioned licensed trademarks in the business of the Group over the years in relation to the services rendered by the Group and for the related marketing and promotion activities on a royalty-free basis. The Directors believe that the entering into of the Trademark Licensing Agreement with a term of more than three years can ensure the stability of the Group's operations, and is beneficial to the Company and the Shareholders as a whole.

Henan Xinyuan and Beijing Aijieli, as the registered proprietors of the licensed trademarks, are an indirect wholly-owned subsidiary of Xinyuan Real Estate Holdings, the controlling shareholder of the Company, and an indirect non wholly-owned subsidiary of Xinyuan Real Estate Holdings respectively, and therefore each of them is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the Trademark Licensing Agreement will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the right to use the licensed trademarks is granted to the Company on a royalty-free basis, the transactions under the Trademark Licensing Agreement will be within the de minimis threshold provided under Rule 14A.76 of the Listing Rules and will be exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In respect of the Trademark Licensing Agreement, the Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement to set a term not exceeding three years under Rule 14A.52 of the Listing Rules.

(B) Continuing Connected Transactions Subject to the Reporting, Annual Review and Announcement Requirements but Exempt from the Independent Shareholders' Approval Requirement

1. **Continuing Connected Transactions in relation to the Sky Cinema Lease Services Agreement**

   On 30 August 2024, the Company and Beijing Xinyuan Sky Film and Television Investment Co., Ltd.* (北京鑫苑星空影視投資有限責任公司) ("**Beijing Xinyuan Sky**") entered into an agreement ("**Sky Cinema Lease Services Agreement**"), pursuant to which the Group will provide lease services in respect of certain commercial properties to Beijing Xinyuan Sky in relation to its operation of cinema cities for a fixed term commencing from 30 August 2024 until 31 December 2037 (both dates inclusive). The proposed annual caps for the lease fees payable by Beijing Xinyuan Sky to the Group under the Sky Cinema Lease Services Agreement for each of the 14 years ending 31 December 2037 range from RMB870,000 to RMB5,480,000.

   Beijing Xinyuan Sky is a subsidiary of Xinyuan Real Estate Holdings, the controlling shareholder of the Company. Therefore, Beijing Xinyuan Sky is an associate of the Company. Pursuant to Rule 14A of the Listing Rules, the Sky Cinema Lease Services Agreement and the transactions contemplated thereunder constituted a continuing connected transaction of the Company. Pursuant to Rule 14A.60(1) of the Listing Rules, the Company is required to comply with the annual review and disclosure requirements under Chapter 14A of the Listing Rules. The Company published an announcement in respect of the Sky Cinema Lease Services Agreement on 30 August 2024.

   For the year ended 31 December 2024, the total amounts paid to the Group by Beijing Xinyuan Sky under the Sky Cinema Lease Services Agreement was RMB1,376,000, which did not exceed the annual cap of RMB3,900,000.

2. **Continuing Connected Transactions in relation to the Zhengzhou Sky Cinema Lease Services Agreement**

   On 20 September 2024,the Company (for itself and on behalf of its subsidiaries and associates) and Zhengzhou Sky Youyang Cinema Co., Ltd.* (鄭州星空悠揚電影院有限公司) ("**Zhengzhou Sky**") entered into an agreement ("**Zhengzhou Sky Cinema Lease Services Agreement**"), pursuant to which the Group will provide lease services in respect of certain commercial properties to Zhengzhou Sky in relation to its operation of cinema cities for a fixed term commencing from 20 September 2024 until 19 September 2027 (both dates inclusive). The proposed annual caps for the lease fees payable by Zhengzhou Sky to the Group under the Zhengzhou Sky Cinema Lease Services Agreement for each of the four years ending 19 September 2027 is RM215,000 for year 2024, RMB736,000 for year 2025, RMB736,000 for year 2026 and RMB530,000 for year 2027, respectively.

Zhengzhou Sky is a whole-owned subsidiary of Beijing Xinyuan Sky Film and Television Investment Co., Ltd.* (北京鑫苑星空影視投資有限責任公司) ("**Beijing Xinyuan Sky**") and Beijing Xinyuan Sky is a subsidiary of Xinyuan Real Estate Holding, the controlling shareholder of the Company. Therefore, Zhengzhou Sky is an associate of the Company. Pursuant to Rule 14A of the Listing Rules, the Zhengzhou Sky Cinema Lease Services Agreement and the transactions contemplated thereunder constituted a continuing connected transaction of the Company. Pursuant to Rule 14A.60(1) of the Listing Rules, the Company is required to comply with the annual review and disclosure requirements under Chapter 14A of the Listing Rules. The Company published an announcement in respect of the Zhengzhou Sky Cinema Lease Services Agreement on 20 September 2024.

For the year ended 31 December 2024, the total amounts paid to the Group by Zhengzhou Sky under the Zhengzhou Sky Cinema Lease Services Agreement was RMB196,000, which did not exceed the annual cap of RMB215,000.

(C) Continuing Connected Transactions Subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements

1. Property Management Services Framework Agreement

On 9 November 2021, the Company (for itself and on behalf of its subsidiaries and associates) and Xinyuan Real Estate Holdings (for itself and on behalf of its subsidiaries and associates) entered into a property management services framework agreement for a term of three years commencing from 1 January 2022 (the "**2022 Property Management Services Framework Agreement**"). The Group and/or its associates shall provide to Xinyuan Real Estate Group excluding the Group (the "**Remaining Xinyuan Real Estate Group**") and/or its associates property management services in respect of the unsold property units after the agreed delivery date set out on the property purchase contract for projects developed by the Remaining Xinyuan Real Estate Group and managed by the Group. In respect of sold property units after delivery, if the Remaining Xinyuan Real Estate Group and/or its associates gift property management fees to the property owners under the property sales arrangement, then the property management services corresponding to the property management fees that are borne and paid by the Remaining Xinyuan Real Estate Group and/or its associates to the Group and/or its associates on behalf of the property owners shall be deemed to be part of the property management services under the 2022 Property Management Services Framework Agreement.

The fees for the property management services charged under the 2022 Property Management Services Framework Agreement shall be determined based on the regulations promulgated by the PRC government and after arm's length negotiations taking into account the location of the project, the anticipated operational costs (including labour costs, material costs and administrative costs) with reference to the fees for similar services and similar type of projects in the market.

Pursuant to the 2022 Property Management Services Framework Agreement, the annual caps for the provision of property management services for each of the three years ended 31 December 2024 (the "**2022 Property Management Services Annual Caps**") are RMB48,677,000, RMB63,872,000 and RMB85,222,000, respectively.

Xinyuan Real Estate Holdings has been one of the controlling shareholders of the Company and therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions under the 2022 Property Management Services Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) in respect of the 2022 Property Management Services Annual Cap are, on an annual basis, more than 5% and such proposed aggregate annual caps are more than HK$10 million, the transactions under the 2022 Property Management Services Framework Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For the year ended 31 December 2024, the total amounts paid to the Group by the Remaining Xinyuan Real Estate Group and/or its associates under the 2022 Property Management Services Framework Agreement was RMB10,764,000, which did not exceed the annual cap of RMB85,222,000.

As the term of the 2022 Property Management Services Framework Agreement expired on 31 December 2024, on 22 November 2024, the Company (for itself and on behalf of its subsidiaries and associates) and Xinyuan Real Estate Holdings (for itself and on behalf of its subsidiaries and associates) entered into a new agreement (the "**New Property Management Services Framework Agreement**") for a term of three years commencing from 1 January 2025.

The annual caps for fees payable by the Remaining Xinyuan Real Estate Group to the Group under the New Property Management Services Framework Agreement for each of the three years ending 31 December 2027 are RMB20,000,000, RMB30,000,000 and RMB45,000,000, respectively.

2. Pre-delivery and Consulting Services Framework Agreement

On 9 November 2021, the Company (for itself and on behalf of its subsidiaries and associates) and Xinyuan Real Estate Holdings (for itself and on behalf of its subsidiaries and associates) entered into a pre-delivery and consulting services framework agreement for a term of three years commencing from 1 January 2022 (the "**2022 Pre-delivery and Consulting Services Framework Agreement**"). The Group and/or its associates shall provide to the Remaining Xinyuan Real Estate Group and/or its associates pre-delivery and consulting services, including but not limited to (i) sales assistance services, which mainly involve providing property sales venue management services and property sales venue "warm-up" services to property developers at the pre-delivery stage of the relevant property or when the property is put onto the market for sale; (ii) early stage involvement services, which involve advising property developers at the early and construction stages of a property on project planning, design management and construction management to enhance a property; and (iii) referral and management services for unsold properties.

Pursuant to the 2022 Pre-delivery and Consulting Services Framework Agreement, the annual caps for the provision of pre-delivery and consulting services for each of the three years ended 31 December 2024 (the "**2022 Pre-delivery and Consulting Services Annual Caps**") are RMB166,623,000, RMB190,182,000 and RMB218,711,000, respectively.

Xinyuan Real Estate Holdings has been one of the controlling shareholders of the Company and therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions under the 2022 Pre-delivery and Consulting Services Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the 2022 Pre-delivery and Consulting Services Framework Agreement exceeded 25%, the transactions contemplated thereunder are subject to annual reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For the year ended 31 December 2024, the total amounts paid to the Group by the Remaining Xinyuan Real Estate Group and/or its associates under the 2022 Pre-delivery and Consulting Services Framework Agreement was RMB7,195,000, which did not exceed the annual cap of RMB218,711,00.

As the term of the 2022 Pre-delivery and Consulting Services Framework Agreement expired on 31 December 2024, on 22 November 2024, the Company (for itself and on behalf of its subsidiaries and associates) and Xinyuan Real Estate Holdings (for itself and on behalf of its subsidiaries and associates) entered into a new agreement (the "**New Pre-delivery and Consulting Services Framework Agreement**") for a term of three years commencing from 1 January 2025.

The annual caps for fees payable by the Remaining Xinyuan Real Estate Group and/or its associate to the Group and/or its associate under the New Pre-delivery and Consulting Services Framework Agreement for each of the three years ending 31 December 2027 are RMB15,000,000, RMB22,500,000 and RMB33,750,000, respectively.

3. Value-added Services Framework Agreement

On 9 November 2021, the Company (for itself and on behalf of its subsidiaries and associates) and Xinyuan Real Estate Holdings (for itself and on behalf of its subsidiaries and associates) entered into a value-added services framework agreement for a term of three years commencing from 1 January 2022 (the "**2022 Value-added Services Framework Agreement**"). The Group and/or its associates shall provide to the Remaining Xinyuan Real Estate Group and/or its associates value-added services, including but not limited to the provision of on-site cleaning, operations and other related services at the pre-delivery stage and the delivery events for the property development projects, utility fee collection service, "400 CS Center" service and other value-added services.

The fees for the value-added services charged under the 2022 Value-added Services Framework Agreement shall be determined after arm's length negotiations taking into account the location of the project, the anticipated operational costs (including labour costs, material costs and administrative costs) with reference to the fees for similar services and similar type of projects in the market.

Pursuant to the 2022 Value-added Services Framework Agreement, the ended annual caps for the provision of value-added services for each of the three years ended 31 December 2024 (the "**2022 Value-added Services Annual Caps**") are RMB44,900,000, RMB56,082,000 and RMB66,446,000, respectively.

Xinyuan Real Estate Holdings has been one of the controlling shareholders of the Company and therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions under each of the Value-added Services Framework Agreement and the 2022 Value-added Services Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) in respect of the 2022 Value-added Services Annual Caps are, on an annual basis, more than 5% each of their respective proposed aggregate annual caps are more than HK$10 million, the transactions under the 2022 Value-added Services Framework Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For the year ended 31 December 2024, the total amounts paid to the Group by the Remaining Xinyuan Real Estate Group and/or its associates under the 2022 Value-added Services Framework Agreement was RMB5,465,000, which did not exceed the annual cap of RM66,446,000.

As the term of the 2022 Value-added Services Framework Agreement expired on 31 December 2024, on 22 November 2024, the Company (for itself and on behalf of its subsidiaries and associates) and Xinyuan Real Estate Holdings (for itself and on behalf of its subsidiaries and associates) entered into a new agreement (the "**New Value-added Services Framework Agreement**") for a term of three years commencing from 1 January 2025.

The annual caps for fees payable by the Remaining Xinyuan Real Estate Group and/or its associate to the Group and/or its associate under the New Value-added Services Framework Agreement for each of the three years ending 31 December 2027 are RMB10,000,000, RMB15,000,000 and RMB22,500,000, respectively.

4. The 2022 Property Engineering Services Framework Agreement

On 9 November 2021, the Company (for itself and on behalf of its subsidiaries and associates) (as service providers) entered into a property engineering services framework agreement (the "**2022 Property Engineering Services Framework Agreement**") with Xinyuan Real Estate Holdings (for itself and on behalf of its subsidiaries and associates) (as receiving parties), pursuant to which the Group and/or its associates shall provide to the Remaining Xinyuan Real Estate Group and/or its associates property engineering services, including but not limited to (i) repairs engineering services, which involve providing repairs services and project quality enhancement maintenance services for development projects during the warranty period; (ii) intelligent engineering services, which involve providing construction services for intelligent systems; (iii) landscaping engineering services; (iv) firefighting engineering services; (v) decoration and renovation engineering service; (vi) elevators engineering services and other miscellaneous engineering services (collectively the "**XRE Property Engineering Services**"), for a term commencing from 1 January 2022 until 31 December 2024.

The fees to be charged for the XRE Property Engineering Services shall be determined after arm's length negotiations taking into account the scope of services under each of such contracts, the anticipated operational costs (including labour costs and material costs and obtaining quotations from equipment manufacturers to determine the construction budget) with reference to the fees for similar services and similar type of projects in the market.

The maximum annual fee payable by the Remaining Xinyuan Real Estate Group and/or its associates in relation to the XRE Property Engineering Services to be provided by the Group under the 2022 Property Engineering Services Framework Agreement (the "**PES Annual Caps**") for each of the three years ended 31 December 2024 is expected not to exceed RMB178,242,000, RMB204,979,000 and RMB235,725,000 respectively.

Xinyuan Real Estate Holdings has been one of the controlling shareholders of the Company and therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions under the 2022 Property Engineering Services Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the 2022 Property Engineering Services Framework Agreement exceeds 25%, the transactions under the 2022 Property Engineering Services Framework Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For the year ended 31 December 2024, the total amounts paid to the Group by the Remaining Xinyuan Real Estate Group and/or its associates under the 2022 Property Engineering Services Framework Agreement was RMB43,495,000, which did not exceed the annual cap of RMB235,725,000.

As the term of the 2022 Property Engineering Services Framework Agreement expired on 31 December 2024, on 22 November 2024, the Company (for itself and on behalf of its subsidiaries and associates) and Xinyuan Real Estate Holdings (for itself and on behalf of its subsidiaries and associates) entered into a new agreement (the "**New Property Engineering Services Framework Agreement**") for a term of three years commencing from 1 January 2025.

The annual caps for fees payable by the Remaining Xinyuan Real Estate Group and/or its associate to the Group and/or its associate under the New Property Engineering Services Framework Agreement for each of the three years ending 31 December 2027 are RMB60,000,000, RMB72,000,000 and RMB86,400,000, respectively.

5. **The Commercial Assets Entrusted Operation Framework Agreement**

On 21 June 2024, the Company and Xinyuan Real Estate Holdings entered into a framework agreement (the "**Commercial Assets Entrusted Operation Framework Agreement**"), pursuant to which the Group was entrusted by the Remaining Xinyuan Real Estate Group to provide operation in respect of commercial assets of the Remaining Xinyuan Real Estate Group, including development and operation planning and management, solicitation agency, leasing, advertisement and promotion, property services and parking space management. Individual agreements will be entered into by and between the Group and the Remaining Xinyuan Real Estate Group, setting out specific terms of individual entrusted operation agreements for each commercial asset.

The term of the Commercial Assets Entrusted Operation Framework Agreement commenced from the date of approval at the extraordinary general meeting of the Company ("**EGM**") (i.e. 7 August 2024) till 31 December 2026 (both dates inclusive).

The proposed annual caps for the rent to be allocated by the Group to the Remaining Xinyuan Real Estate Group under the Commercial Assets Entrusted Operation Framework Agreement for each of the three years ending 31 December 2026 are as follows: RMB40 million in 2024, RMB46 million in 2025 and RMB52 million in 2026.

Xinyuan Real Estate Holdings is a controlling shareholder of the Company and therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions under the Commercial Assets Entrusted Operation Framework Agreement constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Commercial Assets Entrusted Operation Framework Agreement exceeded 5%, the transactions contemplated thereunder were subject to annual reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For the year ended 31 December 2024, the total amount paid or payable by the Group to the Remaining Xinyuan Real Estate Group under the Commercial Assets Entrusted Operation Framework Agreement was RMB23,007,000, which did not exceed the annual cap of RMB40,000,000.

6. The Assets Sales Agency and Operation Services Framework Agreement

On 21 June 2024, the Company and Xinyuan Real Estate Holdings entered into a framework agreement (the "**Assets Sales Agency and Operation Services Framework Agreement**"), pursuant to which the Group agrees to provide the Remaining Xinyuan Real Estate Group with (i) sales agency services in respect of assets such as clubhouses, parking spaces and basements owned by the Remaining Xinyuan Real Estate Group and/or its associates; and (ii) operation services in respect of assets such as clubhouses, parking spaces and basements to which the Remaining Xinyuan Real Estate Group and/or its associates have the right to income. Individual agreements will be entered into by and between the Group and the Remaining Xinyuan Real Estate Group, setting out specific terms of each transaction under the Assets Sales Agency and Operation Services Framework Agreement.

The term of the Assets Sales Agency and Operation Services Framework Agreement commenced from the date of approval at the EGM (i.e. 7 August 2024) till 31 December 2026 (both dates inclusive). The proposed annual caps for the income to be allocated to the Remaining Xinyuan Real Estate Group by the Group under the Assets Sales Agency and Operation Services Framework Agreement for each of the three years ending 31 December 2026 are as follows: RMB16,500,000 in 2024, RMB21,000,000 in 2025 and RMB26,000,000 in 2026.

Xinyuan Real Estate Holdings is a controlling shareholder of the Company and therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions under the Assets Sales Agency and Operation Services Framework Agreement constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Assets Sales Agency and Operation Services Framework Agreement exceeded 5%, the transactions contemplated thereunder were subject to annual reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For the year ended 31 December 2024, the total amount paid by the Group to the Remaining Xinyuan Real Estate Group in accordance with the Assets Sales Agency and Operation Services Framework Agreement was RMB623,000, which did not exceed the annual cap of RMB16,500,000.

(D) Review by the Independent Non-executive Directors and Auditor

Pursuant to 14A.55 of the Listing Rules, the above continuing connected transactions have been reviewed by the independent non-executive Directors of the Company, who confirmed that these continuing connected transactions were entered into:

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

(ii) on normal commercial terms or better; and

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

In accordance with Rule 14A.56 of the Listing Rules, the Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagement 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

The auditor has issued a letter to the Board containing the findings and conclusions in respect of the aforesaid continuing connected transactions disclosed as below:

(1) nothing has come to his attention that causes him to believe that the disclosed continuing connected transactions have not been approved by the Board;

(2) for transactions involving the provision of goods or services by the Group, nothing has come to his attention that causes him to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;

(3) nothing has come to his attention that causes him to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(4) with respect to the aggregate amount of each of the continuing connected transactions set out in the attached list of continuing connected transactions, nothing has come to his attention that causes him to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

(E) Connected Transactions

1. In September 2020, the Group and Ultimate Holding Company entered into the Car Parking Space Exclusive Sales Cooperation Agreement (the "**Agreement**") pursuant to which, Ultimate Holding Company agreed to designate the Group as the exclusive sales partner of a total 4,066 car parking spaces and the Group agreed to pay the refundable payments in cash of approximately RMB206,783,000, representing the total car parking spaces reserve price as the deposits for being such exclusive sales partner. On 23 December 2021, the Company (for its own and on behalf of its subsidiaries and associates) and Xinyuan Real Estate Holdings (for its own and on behalf of its subsidiaries and associates, excluding the Group) entered into a supplemental agreement (the "**Supplemental Agreement**") to the car parking space exclusive sales cooperation agreement (the "**Car Parking Space Exclusive Sales Cooperation Agreement**") dated 17 September 2020 which are entered into between the same contracting parties. Pursuant to the Supplemental Agreement, subject to the fulfilment of the certain conditions precedent, the Company and Xinyuan Real Estate Holdings agreed that the ending date of the period of cooperation as stipulated under the Car Parking Space Exclusive Sales Cooperation Agreement shall be extended from 31 December 2021 to 31 December 2023.

   As at the date of the Supplemental Agreement, Xinyuan Real Estate Holdings was indirectly interested in 52.86% of the issued shares in the Company, and was the controlling shareholder of the Company. Therefore, Xinyuan Real Estate Holdings and its associates were connected persons of the Company under Chapter 14A of the Listing Rules, and the transactions contemplated under the Car Parking Space Exclusive Sales Cooperation Agreement (as supplemented and amended by the Supplemental Agreement) constituted a connected transaction of the Company.

   As the highest applicable percentage ratio in respect of the transactions contemplated under the Car Parking Space Exclusive Sales Cooperation Agreement (as to be supplemented and amended by the Supplemental Agreement) was more than 5%, the transactions contemplated under the Car Parking Space Exclusive Sales Cooperation Agreement (as to be supplemented and amended by the Supplemental Agreement) are therefore subject to the requirements for reporting, announcement and approval by the independent shareholders under Chapter 14A of the Listing Rules.

   On 7 June 2022, an ordinary resolution was duly passed by the independent shareholders of the Company to approve, confirm and ratify the Supplemental Agreement and the transactions contemplated thereunder and the implementation thereof. Please refer to the Company's announcements dated 23 December 2021, 24 February 2022, 12 April 2022, 16 May 2022 and 7 June 2022 for details.

On 22 March 2024, the Company and Xinyuan Real Estate Holdings entered into an agreement (the "**Offset Agreement**") pursuant to which the parties agreed that all the cash sales proceeds of 2,181 car parking spaces (the "**Car Parking Spaces**") currently managed by the Group or held by the Group for sale on behalf of Xinyuan Real Estate Group, if sold, will be retained by the Group and applied to settle an equivalent amount of the outstanding refundable payment. For the avoidance of doubt, the Group will not acquire ownership of the Car Parking Spaces under the Offset Agreement. If the sales proceeds are insufficient to settle the entire amount of the outstanding refundable payment, the shortfall will be payable by Xinyuan Real Estate Holdings to the Company in cash within ten working days after completion of sales of all Car Parking Spaces.

2. On 22 July 2022, Zhengzhou Shengdao Real Estate Co., Ltd. ("**Zhengzhou Shengdao**") entered into a car parking space sales cooperation agreement (the "**Previous Agreement**") with Sichuan Justbon Life Services Group Co., Ltd. ("**Sichuan Justbon**"), pursuant to which Sichuan Justbon agreed to assist Zhengzhou Shengdao to sell a total of 862 car parking spaces for a period commencing from 22 July 2022 until the sales of all car parking spaces are completed.

   As disclosed in the Company's announcements on 22 September 2023 and 11 October 2023, on 22 September 2023, Zhengzhou Shengdao, Sichuan Justbon and Xinyuan Science (an indirect wholly-owned subsidiary of the Company) entered into a tripartite agreement (the "**Tripartite Agreement**"), pursuant to which (i) Zhengzhou Shengdao and Sichuan Justbon agreed to terminate the Previous Agreement; (ii) Zhengzhou Shengdao agreed to pay a sum of RMB9,416,272 as termination fee (the "**Termination Fee**") to Sichuan Justbon; and (iii) Xinyuan Science agreed to cooperate with Zhengzhou Shengdao to sell the remaining 798 unsold car parking spaces and pay the Termination Fee to Sichuan Justbon on behalf of Zhengzhou Shengdao.

   In addition, on 22 September 2023, Xinyuan Science and Zhengzhou Shengdao entered into car parking space exclusive sales cooperation agreement (the "**Car Parking Space Exclusive Sales Cooperation Agreement**"), pursuant to which Zhengzhou Shengdao agreed to designate Xinyuan Science as the exclusive sales partner of a total of 798 designated car parking spaces for a period commencing on 22 September 2023 until the sale of all such car parking spaces is completed, and grant the right to Xinyuan Science for the implementation of the exclusive sales cooperation. Pursuant to the Car Parking Space Exclusive Sales Cooperation Agreement, Xinyuan Science shall pay Zhengzhou Shengdao a refundable earnest money of RMB11,226,518 in instalments as the deposit.

On 11 October 2023 (after trading hours), Zhengzhou Shengdao and Xinyuan Science entered into a supplemental agreement to the Car Parking Space Exclusive Sales Cooperation Agreement to amend the term of the cooperation period to a period of five years commencing from the signing of the Car Parking Space Exclusive Sales Cooperation Agreement to 21 September 2028.

Zhengzhou Shengdao is a subsidiary of Xinyuan Real Estate Holdings, the controlling shareholder of the Company indirectly interested in approximately 52.86% of the issued share capital of the Company. As an associate of Xinyuan Real Estate Holdings, Zhengzhou Shengdao is a connected person of the Company under Chapter 14A of the Listing Rules, and the entering into of the Tripartite Agreement and the Car Parking Space Exclusive Sales Cooperation Agreement constitute a connected transaction of the Company.

3. A final and legally binding arbitral award was issued by the Hong Kong International Arbitration Centre on 13 October 2023 whereby 鑫苑（中國）置業有限公司 (Xinyuan (China) Real Estate Co., Ltd.*) was liable to pay 鑫苑科技服務集團有限公司 (Xinyuan Science and Technology Service Group Co., Ltd.*) ("**Xinyuan Science and Technology**", an indirect wholly-owned subsidiary of the Company) and the Company the loss suffered and costs and expenses incurred and Xinyuan (China) was required to transfer to the Group certain non-cash assets in satisfaction of such liability. In satisfaction of such arbitral award, on 3 January 2024, Xinyuan Science and Technology as transferee and 河南鑫苑置業有限公司 (Henan Xinyuan Real Estate Co., Ltd.*) ("**Henan Xinyuan**", an indirect wholly-owned subsidiary of Xinyuan Real Estate) as transferor entered into agreement pursuant to which Henan Xinyuan shall transfer the operating rights representing the exclusive rights to operate and receive income derived from six clubhouses in the PRC to Xinyuan Science and Technology for a term of 30 years commencing on 3 January 2024 and expiring on 2 January 2054.

   As the appraised value of the operating rights in the amount of RMB43,881,100 is higher than the total outstanding amount of RMB30,484,855 payable by Xinyuan (China) under the arbitral award, it was agreed that the difference in the amount of RMB13,396,245 would be payable in cash by Xinyuan Science and Technology to Henan Xinyuan at completion of the Transaction.

   Since Henan Xinyuan is an indirect wholly-owned subsidiary of Xinyuan Real Estate Holdings, the controlling shareholder of the Company, Henan Xinyuan is an associate of a connected person of the Company and is also a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the above transfer constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Since the highest applicable percentage ratio (as defined in the Listing Rules) exceeds 0.1% but is less than 5%, the above transfer is subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirements pursuant to Rule 14A.76(2)(a) of the Listing Rules.

* *For identification purposes only*

4. Pursuant to the 2022 Property Management Services Framework Agreement, Xinyuan Science and Technology, an indirect wholly-owned subsidiary of the Company, provided certain management services to 蘇州鑫苑置業發展有限公司 (Suzhou Xinyuan Real Estate Development Co., Ltd.*), 徐州鑫苑置業有限公司 (Xuzhou Xinyuan Real Estate Co., Ltd.*) and Henan Xinyuan (collectively the "**Property Companies**") and in the course of the provision of such management services, Xinyuan Science and Technology sold certain car parking spaces and storage rooms in the PRC on behalf of the Property Companies and received sales proceeds. For the purposes of settling such sales proceeds with the Property Companies, Xinyuan Science and Technology and the Property Companies entered into the settlement agreements (the "**Settlement Agreements**') on 4 January 2024, pursuant to which Xinyuan Science and Technology paid to the Property Companies a total amount of RMB7,153,800, representing the net sales proceeds of the car parking spaces and storage rooms received by Xinyuan Science and Technology.

   As each of the Property Companies is an indirect wholly-owned subsidiary of Xinyuan Real Estate Holdings, the controlling shareholder of the Company, each of the Property Companies is a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the Settlement Agreements constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. Since the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the sales proceeds payable under the Settlement Agreements, on an aggregated basis, exceeds 0.1% but is less than 5%, the Settlement Agreements are subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirements pursuant to Rule 14A.76(2)(a) of the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the year ended 31 December 2024 are set out in note 35 to the financial statements contained herein.

Save as disclosed under the section headed "Connected Transaction", none of the related party transactions constitutes a connected transaction or continuing connected transaction subject to independent shareholders' approval, annual review and all disclosure requirements in Chapter 14A of the Listing Rules.

UPDATE ON DIRECTORS' INFORMATION

Save as disclosed herein, there have been no changes in information of Directors and members of senior management since the date of publication of the annual report of the Company for the year ended 31 December 2024, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

* *For identification purposes only*

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this annual report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

RETIREMENT BENEFIT SCHEME

The employees of the Company's subsidiaries established in the PRC are members of a state-managed retirement scheme operated by the PRC government. No forfeited contribution under this scheme is available to reduce the contribution payable in future years.

MANAGEMENT CONTRACTS

There is no contracts relating to the management and/or administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the year.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors at the date of this annual report, there was a sufficient prescribed public float of the issued shares of the Company under the Listing Rules.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Memorandum and Articles of Association or the Companies Laws, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders of the Company.

EMPLOYEE AND REMUNERATION POLICIES

As of 31 December 2024, the Group had approximately 2,166 employees (31 December 2023: approximately 1,741 employees).

The Group adopts a remuneration policy similar to its peers in the industry. The remuneration payable to our employees is determined with reference to their duties and the prevailing local market rates. Employees are paid discretionary performance bonuses upon review as reward for their contribution. In compliance with the applicable statutory requirements in the PRC and existing requirements of the local government, the Group has participated in different social welfare plans for its employees.

The Remuneration Committee of the Company was set up for reviewing the Company's emolument policy and structure for all remuneration of the Directors, Supervisors and senior management of the Company, having regard to the Company's operating results, individual performance of the Directors, Supervisors and senior management and comparable market practices.

The total remuneration cost incurred by the Group for the year ended 31 December 2024 was RMB242.2 million.

For the year ended 31 December 2024, the Group did not experience any material labor disputes or strikes that may have a material and adverse effect on our business, financial condition or results of operations, or any difficulty in recruiting employees.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

CHARITABLE DONATIONS

During the year ended 31 December 2024, the Group made charitable and other donations in a total amount of RMB12.9 thousand.

CORPORATE GOVERNANCE

The Company is committed to maintaining the highest standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 43 to 65 of this annual report.

AUDIT COMMITTEE

The audit committee has communicated with the management and external auditor and reviewed the accounting principles and policies adopted by the Group and the Company's consolidated financial statements for the year ended 31 December 2024.

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code.

Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code for the year ended 31 December 2024.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware any significant event affecting the Company or any of its subsidiaries after 31 December 2024 and up to the date of this annual report requiring disclosure.

AUDITOR

Moore CPA Limited ("**Moore**") appointed as the auditor of the Company ("**Auditor**") with effect from 8 November 2021 and resigned as the Auditor with effect from 28 June 2024 due to Moore could not reach a consensus on the audit fee for the financial year ended 31 December 2024. Elite Partners CPA Limited ("**Elite Partners**") has been appointed as the Auditor with effect from 2 July 2024 to fill the casual vacancy following the resignation of Moore. Elite Partners resigned as the Auditor with effect from 5 November 2024 after take into account a number of factors including the professional risk associated with the audit, the level of audit fees and its available internal resources in the light of its work flows. KTC Partners CPA Limited ("**KTC Partners**") was appointed as the new auditor of the Company with effect from 8 November 2024 to fill the casual vacancy following the resignation of Elite Partners and to hold office until the conclusion of the Company's forthcoming annual general meeting. For more details regarding the change of auditors of the Company, please refer to the announcements dated 2 July 2024 and 8 November 2024. Save as disclosed above, there was no change of auditor of the Company in the preceding three years.

The financial statements of the Group for the years ended 31 December 2024 were audited by KTC Partners who shall retire in the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment.

A resolution to re-appoint KTC Partners as auditor of the Company and to authorise the directors of the Company to fix its remuneration will be proposed at the forthcoming annual general meeting.

On behalf of the Board

SHEN Yuan-Ching
Chairman

Hong Kong, 31 March 2025

INDEPENDENT AUDITOR'S REPORT

KTC Partners CPA Limited
Certified Public Accountants (Practising)
中瑞和信會計師事務所有限公司

To the Members of Xinyuan Property Management Service (Cayman) Ltd.
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Xinyuan Property Management Service (Cayman) Ltd. (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 107 to 223, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

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KEY AUDIT MATTERS

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

Identification and disclosures of related party transactions and impairment of receivables from or payments to related parties
(Refer to Notes 2.4(d), 7, 21, 22, 23 and 35 to the consolidated financial statements)

The Key Audit Matter	How the Matter was Addressed in Our Audit
The Group has undertaken various transactions with its certain of its related parties at terms agreed between parties. These include provision of property management services, value-added services and pre-delivery and consultancy services, as disclosed in Notes 21 and 23 to these consolidated financial statements. Further, the matters relating to previously unauthorised pledged bank deposits in previous years for the bank borrowings ("**Pledges**") obtained by a subsidiary of the Ultimate Holding Company and certain companies which are not part of the Group, led to the Group to recognise "other receivables – receivables related to Pledges" amounted to RMB302,714,000, in respect of which the provision for impairment on such balance amounting to approximately RMB153,884,000 as at 31 December 2024.	We have performed the following procedures to address this key audit matter: (i) Evaluated the design and tested the operating effectiveness of controls over identification and accounting for related parties, initiation, approval, recording and disclosures of related party transactions; (ii) Obtained a list of related parties with the nature of relationship from the Company's management and traced the related parties to declarations given by the directors of the Company; (iii) Tested, on a sample basis, the significant related party transactions with the underlying contracts and other supporting documents for appropriate authorisation and approval of those transactions, and enquired the management of the Company regarding the purpose and substance of the transactions, especially the significant related party transactions outside the normal course of business;

KEY AUDIT MATTERS (CONTINUED)

The Key Audit Matter	How the Matter was Addressed in Our Audit
The gross balances of approximately RMB879,007,000 were receivables from or payment to the related parties (included in trade receivables, contract assets, payments to related parties and other receivables amounted to approximately RMB235,973,000, RMB73,583,000, RMB200,600,000 and RMB368,851,000 respectively) at 31 December 2024. The Group's aggregate expected credit loss ("**ECL**") on these balances as at 31 December 2024 amounted to approximately RMB395,179,000, which were included in trade receivables, contract assets, payments to related parties and other receivables amounted to approximately RMB98,321,000, RMB28,384,000, RMB101,303,000 and RMB167,171,000 respectively. A net reversal for impairment loss of RMB33,173,000 was recognised in the profit or loss during the year. The management of the Company has assessed the recoverability of such balances based on the analysis of the financial resources of the related party group, settlement arrangement with the related parties by certain non-financial assets as well as the prevailing economic conditions. We identified the completeness of recording of possible related party transactions and its disclosures as set out in the respective notes to these consolidated financial statements as a key audit matter due to the magnitude of transactions with related parties and the occurrence of Pledges. The existence of related party transactions outside the Group's normal course of business may pose a risk of misstatements to the consolidated financial statements.	(iv) Checked the completeness of bank accounts of the group entities by cross matching the bank accounts maintained in the ledgers with the respective lists of bank accounts of those group entities obtained directly from the banks; (v) Tested the material debtors or creditors, loans given or taken to evaluate existence of any related party relationships; performed company search to identify related party relationships; inspected services contract terms and invoices to assess arm's length issues; (vi) Checked the completeness of disclosure of financings or guarantees provided by the Group to the related parties, by reviewing the debt agreements/loan contracts entered into between the group entities and Xinyuan Real Estate Co., Ltd. (the "**Ultimate Holding Company**") and its subsidiaries, on sample basis; (vii) Obtained and checked the loan and pledge contracts related to the Ultimate Holding Company and its subsidiaries' loans, on a sample basis, to identify if the Group's other assets were pledged to the Ultimate Holding Company and its subsidiaries;

KEY AUDIT MATTERS (CONTINUED)

The Key Audit Matter	How the Matter was Addressed in Our Audit
We also identified the impairment on balances with related parties as key audit matter due to the magnitude of the balance and the assessment of the recoverability involved significant judgement and estimates made by the management.	(viii) Assessed the collectability of receivables from the related party group and inspected the corroborative evidence which includes obtaining the confirmations from the related party group and the financial analysis on related party group prepared by the Group and evaluated the appropriateness of the credit loss provisioning methodology and the reasonableness of the key inputs used in estimation of credit loss; (ix) Examined the key data inputs to assess their accuracy and completeness and challenged the assumptions including both historical and forward-looking information used in determination of the related parties ECL allowance with our internal valuation specialists; and (x) Assessed the adequacy and appropriateness of the disclosures made in the consolidated financial statements.

KEY AUDIT MATTERS (CONTINUED)

Impairment of trade and other receivables from and contract assets of third parties (Refer to Notes 2.4(h), 21, 22 and 23 to the consolidated financial statements)

The Key Audit Matter

As at 31 December 2024, the Group's net trade receivables, contract assets and other receivables of third parties amounted to approximately RMB185,614,000, RMB13,152,000 and RMB3,570,000 respectively, representing approximately 15%, 1% and 1%, of the total assets of the Group respectively. The Group's aggregate ECL on trade receivables, contract assets and other receivables as at 31 December 2024 amounted to approximately RMB82,176,000, RMB15,759,000 and RMB3,750,000, respectively. A provision of RMB36,172,000 was recognised in the profit or loss for the year.

The management of the Company performed periodic assessment and individual assessment on the recoverability of the trade receivables and contract assets and the sufficiency of the allowance for ECL.

How the Matter was Addressed in Our Audit

We have performed the following procedures to address this key audit matter:

(i) Evaluated the design and tested the operating effectiveness of controls over managing, monitoring the billing and collection process and assessing the recoverability of trade receivables, contract assets and other receivables;

(ii) Assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud.

(iii) Obtained the ageing analysis of trade receivables, contract assets and other receivables and discussed with the management about their evaluation of the background, financial capability of the customers, evaluation of the impact of any unforeseen delay of the projects and their credit assessment that the amounts were recoverable;

(iv) Tested the integrity of information used to develop the provision matrix, including ageing analysis of trade receivables, on a sampling basis, to the underlying financial records and post year end settlements;

KEY AUDIT MATTERS (CONTINUED)

The Key Audit Matter	How the Matter was Addressed in Our Audit
Management's estimate of the amount of ECL for trade and other receivables from and contract assets of third parties was based on the credit risk of respective trade receivables and contract assets after considering the credit profile of respective customers, ageing analysis, historical loss experience, and on-going trading relationship with the relevant customers. The management also considered the forward-looking information that may impact the customers' ability to repay the outstanding balances. We identified the impairment on trade and other receivables from and contract assets of third parties as key audit matter due to the magnitude of the balance of trade and other receivables and contract assets and the assessment of the recoverability of the customers involved significant judgement and estimates made by the management.	(v) Inquired the management for (i) the status of each of the material trade and other receivables past due and (ii) the billing status of each of material contract assets as at the year end, and corroborated explanations from the management with supporting evidence; (vi) Assessed the appropriateness of the provisioning methodology and challenged the management's basis and judgement in determining credit loss allowance on trade receivables, contract assets and other receivables as at 31 December 2024, including the reasonableness of grouping in the provision matrix, the basis of estimation of loss rates for customers and forward-looking information on trade receivables, and the reasonableness of loss rates and forward-looking information on contract assets and other receivables; (vii) Tested the accuracy and completeness of key data used by the management to determine the ECL, on a sampling basis; (viii) Checked the mathematical accuracy of the calculation of the credit loss allowance; and (ix) Evaluated the adequacy and appropriateness of disclosures regarding the impairment assessment of trade receivables, other receivables and contract assets in the consolidated financial statements.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by another auditor who expressed a qualified opinion on those statements on 28 March 2024.

OTHER INFORMATION

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS AND THE AUDIT COMMITTEE 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 IFRSs as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with 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 judgement and maintain professional skepticism throughout the audit. We also:

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

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

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

- 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.

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

- 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's consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

KTC Partners CPA Limited
Certified Public Accountants (Practising)

Chow Yiu Wah, Joseph
Audit Engagement Director

Practising Certificate Number: P04686
Hong Kong, 31 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	5	**868,874**	749,606
Cost of services		**(623,888)**	(508,332)
Gross profit		**244,986**	241,274
Other income, gains and losses – net	6	**26,895**	8,036
Administrative expenses		**(93,130)**	(81,749)
Selling and marketing expenses		**(27,620)**	(1,287)
Research and development costs		**(17,491)**	(17,198)
Provision for impairment on financial assets and contract assets (other than related parties)	7	**(36,172)**	(20,546)
Reversal/(provision) for impairment on financial assets and contract assets (related parties)	7	**33,173**	(11,781)
Provision for impairment on prepayments	7	**(27,476)**	(14,261)
Loss related to Pledges		**–**	(790)
Provision for impairment on investment properties	18	**(2,671)**	–
Interest on lease liabilities	15(b)	**(1,041)**	(258)
Change in fair value of financial assets at fair value through profit or loss ("**FVTPL**")	24	**–**	(30,891)
Other expenses	8	**(7,191)**	(1,379)
Share of profits of associates	17	**77**	74
Profit before income tax	7	**92,339**	69,244
Income tax expense	11	**(3,699)**	(40,831)
Profit and total comprehensive income for the year		**88,640**	28,413
Profit and total comprehensive income for the year attributable to:			
Equity holders of the Company		**87,041**	28,126
Non-controlling interests		**1,599**	287
		88,640	28,413
		RMB cents	RMB cents
Earnings per share attributable to the equity holders of the Company			
– Basic	13	**15.08**	4.96
– Diluted		**15.08**	4.96

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*14*	**13,335**	10,105
Goodwill	*33*	**3,090**	3,090
Right-of-use assets	*15(a)*	**38,692**	11,419
Intangible assets	*16*	**38,929**	3,022
Investments in associates	*17*	**655**	476
Prepayments to a related party	*23*	**47,336**	74,812
Investment properties	*18*	**49,574**	–
Financial asset at fair value through other comprehensive income	*19*	**4,000**	–
Deferred tax assets	*29*	**45,273**	27,090
		240,884	130,014
CURRENT ASSETS			
Inventories	*20*	**43,710**	53,600
Payments to a related party	*23*	**99,297**	102,324
Trade and bills receivables	*21*	**324,826**	228,614
Contract assets	*22*	**58,351**	46,525
Deposits, prepayments and other receivables	*23*	**249,630**	245,298
Financial assets at FVTPL	*24*	**–**	10,101
Cash and cash equivalents	*25*	**264,018**	258,957
		1,039,832	945,419
CURRENT LIABILITIES			
Trade payables	*26*	**144,963**	106,683
Other payables and accruals	*27*	**264,179**	214,370
Contract liabilities	*28*	**144,489**	106,502
Lease liabilities	*15(b)*	**14,269**	3,611
Tax payable		**84,450**	89,584
		652,350	520,750
NET CURRENT ASSETS		**387,482**	424,669
TOTAL ASSETS LESS CURRENT LIABILITIES		**628,366**	554,683

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	**2024 RMB'000**	2023 RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities	*15(b)*	**32,781**	7,613
Deferred tax liabilities	*29*	**6,905**	5,344
Total non-current liabilities		**39,686**	12,957
Net assets		**588,680**	541,726
EQUITY			
Share capital	*30*	**5**	5
Reserves	*31*	**583,982**	538,627
Equity attributable to owners of the Company		**583,987**	538,632
Non-controlling interests		**4,693**	3,094
Total equity		**588,680**	541,726

The consolidated financial statements on pages 107 to 223 were approved and authorized for issue by the Board of Directors on 31 March 2025 and are signed on its behalf by:

SHEN Yuan-Ching
Director

Wang Yong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to equity holders of the Company							
	Share capital RMB'000	Share premium* RMB'000 *(Note 31)*	Other reserve* RMB'000 *(Note 31)*	PRC reserve funds* RMB'000 *(Note 31)*	Retained earnings* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023	5	628,803	(157,325)	25,197	13,826	510,506	2,807	513,313
Profit and total comprehensive income for the year	–	–	–	–	28,126	28,126	287	28,413
At 31 December 2023 and 1 January 2024	**5**	**628,803**	**(157,325)**	**25,197**	**41,952**	**538,632**	**3,094**	**541,726**
Profit and total comprehensive income for the year	–	–	–	–	87,041	87,041	1,599	88,640
Issue of new shares for share award scheme *(Note 32)*	–	–	7,848	–	–	7,848	–	7,848
Vesting of awarded shares *(Note 32)*	–	7,848	(7,848)	–	–	–	–	–
Dividends *(Note 12)*	–	–	–	–	(49,534)	(49,534)	–	(49,534)
At 31 December 2024	**5**	**636,651**	**(157,325)**	**25,197**	**79,459**	**583,987**	**4,693**	**588,680**

* These reserve accounts comprise the consolidated reserves of RMB583,982,000 (2023: RMB538,627,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		**92,339**	69,244
Adjustments for:			
Interest income	6	**(1,253)**	(4,753)
Recovery from loss on the interest income from Pledges		**(24,438)**	–
Share of profit of associates	17	**(77)**	(74)
Write-off of disposal of property, plant and equipment	7	**94**	129
Gain on disposal of a subsidiary		**(95)**	–
Depreciation and amortisation	7	**19,168**	5,305
Provision for impairment on financial assets and contract assets (other than related parties), net	7	**36,172**	20,546
(Reversal)/provision for impairment on financial assets and contract assets (related parties), net	7	**(33,173)**	11,781
Provision for impairment of prepayments	7	**27,476**	14,261
Loss related to Pledges	7	**–**	790
Loss on partial settlement of other receivables related to Pledges	6	**6,489**	–
Gain on redemption of financial assets at FVTPL	6	**(166)**	–
Provision for impairment on investment properties	18	**2,671**	–
Share award expenses	32	**7,848**	–
Write down on inventories	7	**5,055**	672
Interest on lease liabilities	15(b)	**1,041**	258
Change in fair value of financial assets at FVTPL	24	**–**	30,891
Foreign exchange differences, net	6	**1,311**	(1,201)
Operating cash flows before movements in working capital		**140,462**	147,849
Increase in trade receivables		**(71,573)**	(67,944)
Increase in contract assets		**(15,172)**	(3,153)
Increase in deposits, prepayments and other receivables		**(37,274)**	(24,728)
Decrease in inventories		**4,926**	–
Increase/(decrease) in contract liabilities		**20,866**	(2,857)
Increase/(decrease) in trade payables		**22,947**	(5,802)
(Decrease)/increase in other payables and accruals		**(3,643)**	1,565
Cash generated from operations		**61,539**	44,930
Income tax paid		**(25,978)**	(30,797)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**35,561**	14,133

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	*6*	**1,253**	2,425
Purchase of financial assets at FVTPL	*24*	**–**	(10,000)
Purchases of property, plant and equipment	*14*	**(7,816)**	(3,806)
Purchases of intangible assets	*16*	**(283)**	(110)
Net cash inflow from acquisition of subsidiaries	*34*	**21,989**	–
Purchase of financial asset at FVTOCI	*19*	**(4,000)**	–
Purchase of an associate	*17*	**(102)**	–
Sales proceed received from redemption of financial assets at FVTPL	*24*	**10,267**	–
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES		**21,308**	(11,491)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities	*15(b)*	**(965)**	(3,119)
Dividend paid by the Company	*12*	**(49,534)**	–
NET CASH USED IN FINANCING ACTIVITIES		**(50,499)**	(3,119)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**6,370**	(477)
Cash and cash equivalents at beginning of year		**258,957**	258,233
Effect of exchange rate changes		**(1,309)**	1,201
CASH AND CASH EQUIVALENTS AT END OF YEAR	*25*	**264,018**	258,957

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated on 13 December 2018 in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The registered office of the Company is located at the offices of PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The principal place of business of the Company is located at Unit B, 17/F., United Centre, 95 Queensway, Admiralty, Hong Kong.

The Company is an investment holding company. During the year, the Company's subsidiaries were involved in the following principal activities:

- Property management services
- Value-added services
- Pre-delivery and consulting services
- Property engineering services

In the opinion of the directors of the Company, the ultimate holding company of the Company is Xinyuan Real Estate Co., Ltd. (the "**Ultimate Holding Company**"), a company established in the Cayman Islands and its shares are listed on the New York Stock Exchange. The immediate holding company of the Company is Xinyuan Real Estate, Ltd. and its ultimate controlling shareholders are Mr. Yong Zhang and Ms. Yuyan Yang.

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with IFRSs as issued by the International Accounting Standards Board ("**IASB**"), which includes all applicable individual IFRSs, International Accounting Standards ("**IASs**") interpretations issued and approved by the IASB, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**").

The consolidated financial statements have been prepared under the historical cost convention except for certain financial instruments which are measured at fair values at the end of the reporting period.

The consolidated financial statements are presented in Renminbi ("**RMB**"), unless otherwise stated, which is the same as the functional currencies of the Company and its subsidiaries. All values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

2.1 BASIS OF PREPARATION (CONTINUED)

The preparation of the consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2024.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

2.1 BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (Continued)

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

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

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

In the Company's statement of financial position, investments in subsidiaries is stated at cost less impairment losses (see Note 2.4(h)), unless the investment is classified as held for sale.

2.2 ADOPTION OF NEW AND AMENDMENTS TO IFRSs

The principal accounting policies and methods of computation used by the Group in the preparation of the consolidated financial statements for the year ended 31 December 2024 are consistent with those adopted in the consolidated financial statements for the year ended 31 December 2023, except for the application of the new and amendments to IFRSs as explained below.

Adoption of amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has adopted for the first time the following amendments to IFRSs issued by IASB, which are mandatorily effective for the Group's consolidated financial statements for the accounting period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

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

2.2 ADOPTION OF NEW AND AMENDMENTS TO IFRSs (CONTINUED)

Adoption of amendments to IFRSs that are mandatorily effective for the current year (Continued)

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

Impacts on application of amendments to IAS 1 Classification of Liabilities as Current or Non-current (the "2020 Amendments")

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

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

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months:

- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity's own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying IAS 32 Financial Instruments: Presentation.

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

2.3 NEW AND AMENDMENTS TO IFRSs IN ISSUE BUT NOT YET EFFECTIVE

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

Amendment to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendment to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards 2024 – Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[3]
Amendments to IAS 21	Lack of Exchangeability[2]
IFRS 18	Presentation and Disclosure in Financial Statements[4]

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

Except for the new and amendments to IFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs is not expected to have material impact on the Group's consolidated financial statements in the future.

Amendments to IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments

The amendments to IFRS 9 clarify the recognition and derecognition for financial asset and financial liability and add an exception which permits an entity to deem a financial liability to be discharged before the settlement date if it is settled in cash using an electronic payment system if, and only if certain conditions are met.

The amendments also provide guidance on the assessment of whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement. The amendments specify that an entity should focus on what an entity is being compensated for rather than the compensation amount. Contractual cash flows are inconsistent with a basic lending arrangement if they are indexed to a variable that is not a basic lending risk or cost. The amendments state that, in some cases, a contingent feature may give rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs. Furthermore, the description of the term "non-recourse" is enhanced and the characteristics of "contractually linked instruments" are clarified in the amendments.

2.3 NEW AND AMENDMENTS TO IFRSs IN ISSUE BUT NOT YET EFFECTIVE (CONTINUED)

Amendments to IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments (Continued)

The disclosure requirements in IFRS 7 in respect of investments in equity instruments designated at fair value through other comprehensive income are amended. In particular, entities are required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period. An entity is also required to disclose any transfers of the cumulative gain or loss within equity related to the investments derecognised during the reporting period. In addition, the amendments introduce the requirements of qualitative and quantitative disclosure of contractual terms that could affect the contractual cash flow based on a contingent even not directly relating to basic lending risks and cost.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

IFRS 18 – Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements* ("**IFRS 18**"), which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements* ("**IAS 1**"). This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 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 IAS 1 paragraphs have been moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and IFRS 7 *Statement of Cash Flows* ("**IFRS 7**"). Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 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 IFRS 18 is expected to affect the presentation of the statement of profit or loss and disclosures in the future consolidated financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's future consolidated financial statements.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Investments in associates

Investments in associates are accounted for using equity method. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of post-acquisition profits or losses and movements in other comprehensive income included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Investments in associates are accounted for using the equity method from the date on which the investees become associate. On acquisition of the investment in associates, 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.

Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred.

Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the equity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

The Group assesses whether there is an objective evidence that the investments in associates may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with the policy described in Note 2.4(h).

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(b) Business combinations

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed. If the test is not met, or if the acquirer elects not to apply the test, the Group shall then perform the assessment to determine if the inputs and substantive process that together significantly contribute to the ability to create output are present to determine whether the set of activities and assets is a business.

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

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

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(b) Business combinations (Continued)

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

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

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

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

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

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

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(c) Fair value measurement

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

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

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

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

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(d) Related parties

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

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

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

(ii) has significant influence over the Group; or

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

or

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

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

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

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

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

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

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

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

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

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(d) Related parties (Continued)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include.

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

(e) Property, plant and equipment

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

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

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

Structures	3 to 10 years
Transportation equipment	5 to 10 years
Office equipment	3 to 5 years
Machinery equipment	3 to 10 years
Leasehold improvements	3 years

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(f) Investment properties

Investment properties, representing car parking spaces and clubhouses held under leases, are held for rental yields and are not occupied by the Group.

Investment properties are initially measured at cost, including any directly attributable expenditure, related transaction costs and where applicable borrowing costs less depreciation and impairment loss. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated using the straight-line method to allocate their cost over their lease term varying from 20 to 30 years.

(g) Intangible assets (other than goodwill)

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

The principal estimated useful lives for this purpose are as follows:

Computer software	10 years
Premises operating right	10 years

Intangible assets are test for impairment as described below to the consolidated financial statements.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(h) Impairment of non-financial assets other than goodwill

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- investment properties;
- right-of-use assets;
- intangible assets;
- investments in subsidiaries in the Company's statement of financial position;
- investments in associates.

If any such indication exists, the asset's recoverable amount is estimated.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(h) Impairment of non-financial assets other than goodwill (Continued)

– Reversals of impairment losses

In respect of assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(i) Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

Group as a lessee

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

As a practical expedient, leases with similar characteristics are accounted for on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

(a) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to leases of laptops and office furniture 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 or another systematic basis over the lease term.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(i) Leases (Continued)

Group as a lessee (Continued)

(b) *Right-of-use assets*

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

Right-of-use assets (included in "Right-of-use assets" (Note 15(a)) and "Investment Properties" (Note 18)) are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied the practical expedient.

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

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

(c) *Refundable rental deposits*

Refundable rental deposits paid are accounted for under IFRS 9 Financial Instruments ("**IFRS 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.

(d) *Lease liabilities*

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

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(i) Leases (Continued)

Group as a lessee (Continued)

(d) Lease liabilities (Continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

After the commencement date, 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 market rental rates following a market rent review/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.

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

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(i) Leases (Continued)

Group as a sublease lessor

Sub-lease is a transaction for which an underlying asset is re-leased by a lessee ("**sublease lessor**") to a third party, and the lease ("**head lease**") between the head lessor and lessee remains in effect. In classifying a sublease, a sublease lessor shall classify the sublease as a finance lease or an operating lease.

If the head lease is a short-term lease that the entity, as a lessee, has accounted for the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis, the sublease shall be classified as an operating lease. Otherwise, the sublease shall be classified by referenced to the right-of-use asset arising from the head lease as finance lease or operating lease.

(j) Investments and other financial assets

Financial assets

Classification and subsequent measurement of financial assets

Financial assets 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 are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("**FVTOCI**") and FVTPL.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(j) Investments and other financial assets (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

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

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

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at FVTOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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

A financial asset is classified as 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.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(j) Investments and other financial assets (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

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.

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

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.

The Group's financial assets at amortised cost include trade receivables, deposits and payments and other receivables.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "Change in fair value of financial assets at fair value through profit or loss" line item.

Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired; or

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(j) Investments and other financial assets (Continued)

Financial assets at FVTPL (**Continued**)

Derecognition of financial assets (Continued)

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

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

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

Impairment of financial assets

The Group assesses on a forward-looking basis the ECL associated with its assets carried at amortised cost. ECL are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets. The impairment methodology applied depends on whether there has been a significant increase 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 ("**12-m 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. Assessments 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.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(j) Investments and other financial assets (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

The Group always recognises lifetime ECL for trade receivables and contract assets. For all other financial assets, the Group measures the loss allowance equals to 12m ECL, unless 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.

Significant increase in credit risk

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

- actual or expected significant adverse changes in external credit rating of the debtors;

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtors' ability to meet their obligations;

- actual or expected significant changes in the operating results of the debtors;

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(j) Investments and other financial assets (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

- significant increases in credit risk on other financial instruments of the same debtor; and

- significant changes in the expected performance and behaviour of the debtors, including changes in the payment status of debtors and changes in the operating results of the debtors.

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.

Note 38(a) details how the Group determines whether there has been a significant increase in credit risk. 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.

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.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(j) Investments and other financial assets (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence 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; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

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. 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.

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 adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

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

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(j) Investments and other financial assets (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Measurement and recognition of ECL (Continued)

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

- Past-due status; and

- Nature, size and industry of debtors.

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

For trade receivables and contract assets, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the assets. The ECL on trade receivables and contract assets are assessed individually for debtors with significant balances and collectively for other debtors based on the Group's internal credit rating, historical credit loss experience and expected settlement dates, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

At every reporting date, the estimated default rates are reassessed and changes in the forward-looking estimates are considered.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-m ECL at the current reporting date.

ECL is measured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(k) Financial liabilities

Classification and subsequent measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

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

After initial recognition, the financial liabilities are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost.

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

Derecognition of financial liabilities

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

When an existing financial liability is renegotiated in such a way that the liability is extinguished fully or partially by issuing equity instruments, it is accounted for as an extinguishment of the original financial liability and a recognition of equity instrument at the fair value upon issue with the difference between the carrying amount of the financial liability (or part of the financial liability) extinguished and the consideration paid (being the fair value of the equity instruments issued), recognised to profit or loss.

(l) Offsetting of financial instruments

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

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(m) Cash and cash equivalents and term deposits

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

(n) Inventories

Cost of inventories are mainly parking spaces which comprises acquisition cost and other direct expenses.

Net realisable value represents the estimated selling price less any estimated costs of completion and costs to be incurred in selling the parking spaces.

(o) Provisions

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

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

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(p) Income tax

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

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

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

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

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

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

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

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

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(p) Income tax (Continued)

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

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

Deferred tax is calculated, without discounting, at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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.

(q) Government grants

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

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(r) 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 and 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.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer that is not yet conditional. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment in accordance with IFRS 9, details of which are included in the accounting policies for impairment of financial assets. 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.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(r) Revenue from contracts with customers (Continued)

Contract liabilities

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

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

Contract costs

Other than the costs which are capitalised as property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(r) Revenue from contracts with customers (Continued)

Contracts with multiple performance obligations (including allocation of transaction price)

If contracts involve the sale of multiple services, the transaction prices will be allocated to each performance obligation based on their relative stand-alone selling prices.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer, which is estimated based on expected cost plus a margin or an adjusted market assessment approach, depending on the availability of observable information.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(r) Revenue from contracts with customers (Continued)

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.

The Group provides property management services, value-added services and pre-delivery and consulting services and property engineering services. Revenue from contracts with customers is recognised when services are rendered to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services.

Depending on the terms of the contracts and the laws that apply to the contract, services may be recognised over time or at a point in time.

Property management services

Property management services mainly include security, cleaning, greening, repair and maintenance and file management services to owners or tenants of properties.

The Group recognises certain property management services under lump sum basis and under commission basis.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(r) Revenue from contracts with customers (Continued)

Property management services (Continued)

Revenue from the property management services is recognised in the accounting period in which the services are rendered as the customers simultaneously receive and consume the benefits provided by the Group's performance when the Group performs. The Group bills a fixed amount for services provided on a monthly basis and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed. Accordingly, revenue is recognised on a straight-line basis over the specified period unless there is evidence that some other methods better represents the stage of completion, and the cost of services is recognised as incurred in connection with performing such services.

For property management services income from properties managed under a lump sum basis, where the Group acts as principal and is primarily responsible for providing the general property management services to the property owners by on-site staff which the labour costs are borne by the Group. Other expenses associated with general management services are borne by the Group. If the amount of general property management fees received is not sufficient to cover all the expenses incurred, the Group is not entitled to request the property owners to pay the Group the shortfall. The Group recognises the fee received or receivable from property owners as its revenue and all related property management costs as its cost of services.

For property management services income from properties managed under a commission basis, the general property management services are delivered by on-site staff which the labour costs are borne by the property owners, the Group acts as an agent and is primarily responsible for arranging and monitoring the services as provided by labours and other suppliers to the property owners. Expenses associated with general management services are covered by the balance of the gross general property management fees paid by the property owners after deducting the commissions payable to the Group. The Group is not responsible for any shortfall if the amount of general property management fees received is not sufficient to cover all the associated expenses incurred. All shortfall or surplus are assumed or entitled by the property owners. The Group recognises the commission, which is calculated by a certain percentage of the total property management fee received or receivable from the property owners.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(r) Revenue from contracts with customers (Continued)

Value-added services

The value-added services mainly include the community area resources management services, property improvement services and utility expense collection services. Payment of these transaction is due immediately when the value-added services are rendered to the property owners.

The Group provides community area resources management services, which is leasing common spaces and public facilities owned by property owners to third parties and the provision of common area resources maintenance and management services, revenue is recognised over time when the relevant services are rendered, as the customer simultaneously receives and consumes the benefits provided by the Group.

For property improvement services, revenue is recognised over time, using an input method to measure progress towards the completion of the service, because the Group's performance enhances an asset that the customer controls as the asset is enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the property improvement services. The revenue is recognised on a gross basis as the Group acts as a principal in these transactions and is responsible for fulfilling the obligation to provide the specified goods when the goods are delivered to customers.

For utility expenses collection services, the Group acts as an agent to collect the utility expenses from the property occupants and return to relevant government bodies. Handling income which is calculated by a pre-determined cost-plus-margin approach on the utility expenses paid, is recognised at net basis at the point in time when the utility expenses are collected and returned to relevant government bodies.

Other value-added services including housekeeping, facilities and equipment maintenance for house and retail services. Revenue from housekeeping and maintenance services are recognised when the related services are rendered. Revenue from handling services provided for online platform, which is calculated by a pre-determined cost-plus-margin approach on the retail price paid, is recognised at the point in time when the control of the goods is transferred to the customers. During the progress of providing the housekeeping and facilities and equipment maintenance services, the Group has the whole control over the services and is responsible for the quality of services. For retail services, the Group buy products (purified water, daily necessities and etc.) firstly from third parties and sell to residents online, the Group has the whole control over products and responsible for the quality of products.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(r) Revenue from contracts with customers (Continued)

Pre-delivery and consultancy services

Pre-delivery services include providing sales assistance services, for instance (i) property sales venue management services and (ii) property sales venue "warm-up" services at the pre-delivery stage. Consulting services mainly include (i) consulting service on project planning, design management and construction management to property developers at early and construction stages and (ii) referral and management services provided to property developers. The Group agrees the price for each service with the customers upfront and issues monthly or quarterly bills to the customers which varies based on the actual level of service completed.

Revenue from property sales venue management and property sales venue "warm-up" services is recognised over time, in the amount to which the Group has a right to invoice, because the customer simultaneously receives and consumes the benefits provided by the Group.

For referral and management services provided to property developers, the Group acts as an agent in the sales agency service as the Group is not the primary obligor to provide the properties to property owners and the Group has no inventories risk of properties. Commission income which is calculated by a percentage of the sales price, is recognised at net basis at the point in time when the property is delivered to property owners.

Property engineering services

Property engineering services include providing construction services to property developers.

Revenue from construction services is recognised over time using the output method to estimate the progress of each performance obligation satisfied over time by reference to the value of construction works completed to date (as certified by external surveyors or evaluated by internal project managers) as a proportion of the total contract value of the relevant construction contracts.

Revenue from other sources

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

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

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(s) Other employee benefits

People's Republic of China ("PRC") contribution plan

Pursuant to the relevant PRC laws and regulations, each of the PRC subsidiaries of the Group is required to participate in a retirement benefit scheme organised by the local municipal government whereby the Group is required to contribute a certain percentage of the salaries of its employees to the retirement benefit scheme. The only obligation of the Group with respect to the retirement benefit scheme is to pay the ongoing required contributions. Contributions made to the defined contribution retirement benefit scheme are charged to profit or loss as incurred.

(t) Dividends

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

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

(u) Translation of foreign currencies

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Estimation uncertainty

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

Provision of ECLs on balances with the related parties

Provision of ECLs on the balances with related parties are estimated based on assumptions about the risk of default and credit risk of counterparties, which involves high degree of estimation and uncertainty. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional provision to profit or loss.

The balances with related parties will use lifetime ECL when the credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account quantitative and qualitative reasonable and supportable forward-looking information including available counterparties' historical data and existing and forecast market conditions.

ECLs on balances with related parties which are not assessed to be credit impaired are estimated based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment assessment, based on the Group's past history, existing market conditions as well as forward looking information at the end of each reporting period. In assessing forward-looking information, the Group considers factors including macroeconomic factors, industry risks and changes in debtors' conditions. Judgement is applied in identifying the most appropriate ECL model as well as for determining the assumptions used in the model, including those related to key drivers of credit risk.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

Provision of ECLs on balances with the related parties (Continued)

For the previously unauthorised financial guarantee contracts provided to a subsidiary of the Ultimate Holding Company and certain companies which are not part of the Group (the "**Borrowers**"), the Group measured the ECL on financial guarantee contracts by reference to the Ultimate Holding Company's written response and the expected recovery plan. Detailed disclosure of these ECL is made in Notes 7 and 23(f). The directors of the Company have assessed the legality and enforceability of those non-financial assets as agreed to be transferred to the Group under the arbitral award issued by the Hong Kong International Arbitration Centre on 13 October 2023. No receivables associated with the Pledges has been derecognised until the legal uncertainty could be removed. During the year, certain non-cash assets of the Ultimate Holding Company were transferred to the Group as a partial settlement (Notes 34 and 40(a)). The Group is still working with the Ultimate Holding Company on the transfer of the relevant legal title of the relevant assets up to the date of approval of these consolidated financial statements.

The information about the ECL and the Group's balances with the related parties included in trade receivables, contract assets and other receivables are disclosed in Notes 21, 22 and 23, respectively.

Provision of ECL on trade receivables and contract assets

The Group performs impairment assessment under ECL model on trade receivables and contract assets individually or based on provision matrix.

Except for customers with significant balances or credit-impaired, which are assessed for impairment individually, the Group used provision matrix to calculate the ECL for its trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

Provision of ECL on trade receivables and contract assets (Continued)

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. Where the actual outcome or expectation in future is different from original estimate, such differences will impact the carrying amount of trade receivables and contract assets and credit loss allowance in the period in which the estimate has been changed. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 21 and Note 22 to the financial statements, respectively.

Estimated useful lives of intangible assets

The directors of the Company determines the estimated useful lives of the Group's intangible assets with finite useful lives for the calculation of intangible assets. The estimate is determined after considering the expected period in which economic benefits can be generated from the intangible assets. The directors of the Company review the estimated useful lives on an annual basis and future amortisation charges are adjusted where the Group believes the useful lives differ from previous estimates.

Fair value of financial instruments

Where the fair value of financial assets recorded in the statements of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Deferred tax assets

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

4. OPERATING SEGMENT INFORMATION

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

During the year, the Group is principally engaged in the provision of property management services, value-added services, pre-delivery and consulting services and property engineering services to customers in the PRC. Management reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the chief operating decision maker of the Company regards that there is only one segment which is used to make strategic decisions.

The major operating entities of the Group are domiciled in the PRC. Accordingly, all of the Group's revenue was derived in the PRC during the year (2023: Same).

As at 31 December 2024, all of the non-current assets were located in the PRC (2023: Same).

5. REVENUE

Revenue mainly represents consideration to which the Group expects to be entitled for the property management services, value-added services, pre-delivery and consulting services and property engineering services rendered to customers. An analysis of the Group's revenue by category is as follows:

(1) Disaggregation of revenue

	2024 **RMB'000**	2023 RMB'000
Revenue from contract with customers within the scope of IFRS 15, analysed by types of goods or services		
Property management services	**570,548**	534,791
Value-added services	**203,863**	115,852
Pre-delivery and consulting services	**11,252**	24,332
Property engineering services	**83,211**	74,631
	868,874	749,606

5. REVENUE (CONTINUED)

(1) Disaggregation of revenue (Continued)

Revenue from contracts with customers within the scope of IFRS 15 by timing of revenue recognition:

	Property management services		Value-added services		Pre-delivery and consulting services		Property engineering services		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Point in time	**–**	–	**58,322**	33,584	**330**	2,641	**–**	–	**58,652**	36,225
Over time	**570,548**	534,791	**145,541**	82,268	**10,922**	21,691	**83,211**	74,631	**810,222**	713,381
	570,548	534,791	**203,863**	115,852	**11,252**	24,332	**83,211**	74,631	**868,874**	749,606

For the year ended 31 December 2024, revenue from property management services, value-added services, pre-delivery and consulting services and property engineering services from entities controlled by the Ultimate Holding Company amounted to approximately RMB11,172,000, RMB6,629,000, RMB7,195,000 and RMB43,495,000 (2023: RMB12,655,000, RMB5,374,000, RMB13,493,000 and RMB49,830,000), representing 1.29%, 0.76%, 0.83% and 5.01% (2023: 1.69%, 0.72%, 1.80% and 6.65%) to the Group's total revenue respectively. Other than the entities controlled by the Ultimate Holding Company, the Group had a large number of customers and none of whom contributed 10% or more to the Group's revenue for the year (2023: Nil).

(2) Contract liabilities

The following table shows the revenue recognised in the current year relating to carried-forward contract liabilities:

	2024	2023
	RMB'000	RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	**106,502**	109,359

(3) Performance obligations

For property management services and pre-delivery and consulting services, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date.

5. REVENUE (CONTINUED)

(3) Performance obligations (Continued)

The majority of the property management service contracts do not have a fixed term. The terms of the contracts for pre-delivery and consulting services (except for construction services) are generally set to expire when the counterparties notify the Group that the services are no longer required.

The Group has elected the practical expedient in paragraph 121 of IFRS 15 for the value-added services and construction services contracts that regarding the performance obligation that has an original expected duration of one year or less, the Group does not make disclosure in accordance with paragraph 120 of IFRS 15, that is the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period and an explanation of when the Group expects to recognise as revenue.

6. OTHER INCOME, GAINS AND LOSSES – NET

	2024 **RMB'000**	2023 RMB'000
Bank interest income	**1,253**	4,753
Recovery from loss on the interest income from Pledges *(Note (a))*	**24,438**	–
Loss on partial settlement of other receivables related to Pledges, net *(Note 23(f) & 34)*	**(6,489)**	–
Government grants *(Note (b))*	**590**	484
Foreign exchange differences, net	**(1,311)**	1,201
Gain on redemption of financial assets at FVTPL *(Note 24(b))*	**166**	–
Gain on disposal of a subsidiary	**95**	–
Others	**8,153**	1,598
	26,895	8,036

Note:

(a) The recovery of the loss on interest income from Pledges, amounting to RMB24,438,000, represents the interest loss incurred by the Group, and was compensated to the Group pursuant to the final and legally binding arbitral award issued by the Hong Kong International Arbitration Centre on 13 October 2023 (Notes 23 (f) and 40).

(b) Government grants mainly represented the subsidies received from the local government in support of the business operation. There was no condition to be fulfilled by the Group in relation to the subsidies.

7. PROFIT BEFORE INCOME TAX

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

	Notes	2024 RMB'000	2023 RMB'000
Employee benefit expenses *(Note (a))* (excluding directors' and chief executive's remuneration) included in:			
Wages and salaries		**200,387**	148,278
Pension scheme contributions		**27,522**	20,252
		227,909	168,530
Impairment of financial assets at amortised cost and contract assets			
– Third parties			
Provision for impairment of trade receivables	*21*	**14,841**	23,021
Provision/(reversal) for impairment of contract assets	*22*	**7,350**	(454)
Provision/(reversal) for impairment of financial assets included in deposits and other receivables	*23(e)*	**13,981**	(2,021)
		36,172	20,546
– Related parties			
(Reversal)/provision for impairment of trade receivables	*21*	**(34,556)**	14,946
(Reversal)/provision for impairment of contract assets	*22*	**(4,004)**	2,633
(Reversal)/provision for impairment of financial assets included in payments	*23(b)*	**(3,019)**	21,393
Provision for impairment of other receivables	*23(c)*	**8,406**	184
Reversal for impairment of loan to a related party		**–**	(27,375)
		(33,173)	11,781
Provision for impairment of prepayments	*23(a)*	**27,476**	14,261
Loss related to Pledges			
– Provision for impairment of other receivables – receivables related to Pledges, net	*23(f), 34*	**–**	790

7. PROFIT BEFORE INCOME TAX (CONTINUED)

	Notes	2024 RMB'000	2023 RMB'000
Depreciation and amortisation:			
Depreciation of property, plant and equipment (Note (b))	*14*	**5,854**	2,314
Depreciation of right-of-use assets	*15(a)*	**8,475**	2,576
Depreciation of investment properties	*18*	**1,463**	–
Amortisation of intangible assets	*16*	**3,376**	415
		19,168	5,305
Auditor's remuneration		**2,143**	2,844
Professional fee on Investigation and Internal Control Review *(Note (c))*		**3,601**	11,533
Expenses relating to short-term leases		**228**	651
Write-off of disposal of property, plant and equipment		**94**	129

Cost of sales dealt with in the consolidated financial statements represented cost of services provided by the Group.

Notes:

(a) Total employee benefit expenses of approximately RMB140,059,000 and RMB87,850,000 (2023 RMB113,066,000 and RMB55,464,000) were charged to cost of sales and administrative expenses, respectively for the year ended 31 December 2024.

(b) Total depreciation of property, plant and equipment of approximately RMB3,677,000 and RMB2,177,000 (2023: RMB1,481,000 and RMB833,000) were charged to cost of sales and administrative expenses, respectively for the year ended 31 December 2024.

(c) Professional fee on Investigation and Internal Control Review mainly consisted of arbitration fees, lawyers fee and investigation fees.

8. OTHER EXPENSES

	2024 RMB'000	2023 RMB'000
Write down on inventories *(Note 20)*	**5,055**	672
Others *(Note)*	**2,136**	707
	7,191	1,379

Note: The "others" mainly consist of the penalties, compensation and tax surcharges during the daily operation.

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 RMB'000	2023 RMB'000
Fees	**495**	432
Salaries, allowances and benefits in kind	**3,586**	2,485
Pension scheme contributions	**198**	195
Equity-settled share-based payments	**7,848**	–
	12,127	3,112

During the year ended 31 December 2024, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2023: Nil). Neither the chief executive nor any of the directors has waived or agreed to waive any emoluments during the year ended 31 December 2024 (2023: Nil).

Salaries, allowances and benefits in kind paid to or for the executive directors are generally emoluments in respect of those persons' other services in connection with the management of the affairs of the Company and its subsidiaries. The independent non-executive directors' emoluments shown below were mainly for their services as directors of the Company.

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

Executive directors and non-executive directors

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Equity-settled share-based payments RMB'000	Pension scheme contributions RMB'000	Total RMB'000
2024						
Executive directors						
Mr. FENG Bo	**–**	**1,310**	**–**	**–**	**66**	**1,376**
Mr. SHEN Yuan-Ching	**–**	**1,588**	**–**	**5,232**	**66**	**6,886**
Mr. WANG Yong	**–**	**688**	**–**	**2,616**	**66**	**3,370**
	–	**3,586**	**–**	**7,848**	**198**	**11,632**
Non-executive directors						
Ms. TIAN Wenzhi	**110**	**–**	**–**	**–**	**–**	**110**
Mr. Li Yifan	**110**	**–**	**–**	**–**	**–**	**110**
Ms. Zhao Xia *(Note i)*	**55**	**–**	**–**	**–**	**–**	**55**
Mr. LAN Ye	**110**	**–**	**–**	**–**	**–**	**110**
Mr. LING Chenkai	**110**	**–**	**–**	**–**	**–**	**110**
	495	**–**	**–**	**–**	**–**	**495**
2023						
Executive directors						
Mr. FENG Bo	–	259	–	–	65	324
Mr. SHEN Yuan-Ching	–	1,573	–	–	65	1,638
Mr. WANG Yong	–	653	–	–	65	718
	–	2,485	–	–	195	2,680
Non-executive directors						
Ms. TIAN Wenzhi	108	–	–	–	–	108
Mr. Li Yifan	108	–	–	–	–	108
Mr. LAN Ye	108	–	–	–	–	108
Mr. LING Chenkai	108	–	–	–	–	108
	432	–	–	–	–	432

Note:

(i) On 8 April 2024, Ms. Zhao Xia was appointed as independent non-executive director of the Company.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors (including one director also being chief executive) (2023: two directors including one director also being chief executive), details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining two (2023: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2024 **RMB'000**	2023 RMB'000
Salaries, allowances and benefits in kind	**2,066**	1,503
Pension scheme contributions	**133**	116
	2,199	1,619

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

	2024 **Number of individuals**	2023 Number of individuals
Nil to HK$1,000,000	**–**	3
HK$1,000,001 to HK$1,500,000	**2**	–

During the year ended 31 December 2024, the five highest paid employees did not receive any emolument from the Group as an inducement to join or upon joining the Group, nor leave the Group or as compensation for loss of office (2023: Nil).

11. INCOME TAX EXPENSE

	2024 **RMB'000**	2023 RMB'000
Current income tax – PRC:		
Corporate income tax	**21,294**	41,493
Withholding tax	**977**	6,677
	22,271	48,170
Deferred income tax – PRC:		
Deferred tax asset	**(18,183)**	(5,136)
Deferred tax liabilities	**(389)**	(2,203)
	(18,572)	(7,339)
Total tax charge for the year	**3,699**	40,831

(a) Cayman Islands income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

(b) British Virgin Islands ("**BVI**") income tax

Pursuant to the rules and regulations of the BVI, the Group is not subject to any income tax in the BVI.

(c) Hong Kong profits tax

No provision for Hong Kong profits tax was made as the Group did not have any assessable income subject to Hong Kong profits tax during the year (2023: Nil).

11. INCOME TAX EXPENSE (CONTINUED)

(d) PRC corporate income tax

Under the relevant PRC income tax law, four PRC entities of the Group are subject to corporate income tax at a rate of 25% during the year on their respective taxable income (2023: Same).

Other than the PRC entities mentioned above, the other PRC entities of the Group are qualified as a small profit enterprise, the portion of annual taxable income amount, which does not exceed RMB1 million, shall be computed at a reduced rate of 25% as taxable income amount, and be subject to enterprise income tax at 20%. The remaining portion of annual taxable income, which exceeds RMB1 million but does not exceed RMB3 million, shall be computed at a reduced rate of 50% as taxable income amount, and be subject to enterprise income tax at 20%.

(e) Withholding tax

Pursuant to the PRC Corporate Income Tax Law, a 5% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The above PRC withholding tax has been provided based on the net profits of the year planned to be distributed by the Company's Mainland China subsidiaries and the applicable tax rate of 5%.

A reconciliation of the income tax expense applicable to profit before income tax at the statutory rates for the jurisdictions in which the companies comprising the Group are domiciled to the tax expense at the effective tax rate is as follows:

	2024 **RMB'000**	2023 RMB'000
Profit before income tax	**92,339**	69,244
Tax at the statutory tax rates of PRC at 25%	**23,085**	17,311
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	**2,136**	2,623
Share of profits of associates	**(19)**	(18)
Withholding income tax	**977**	6,677
Effect of non-deductible items	**3,857**	14,238
Effect of non-taxable items	**(26,337)**	–
Tax charge at the Group's effective tax rate	**3,699**	40,831

12. DIVIDENDS

Dividends payable to ordinary equity holders of the Company attributable to the year:

	2024 RMB'000	2023 RMB'000
Interim dividend in respect of the current financial year, approved and paid during the year of HK5.52 cents per ordinary share *(Note (b))*	**29,563**	–
Special interim dividend in respect of the previous financial year, approved and paid during the year of HK3.8 cents per ordinary share *(Note (c))*	**19,971**	–
	49,534	–

Notes:

(a) A final dividend in respect of the year ended 31 December 2024 of HK2.73 cents per ordinary share, amounting to approximately HK$16,190,000 (equivalent to RMB14,952,000), was proposed by the Board on 31 March 2025. The final dividend proposed after the end of the reporting period has not been recognised as a liability as at 31 December 2024.

(b) On 29 August 2024, an interim dividend in respect of the six months ended 30 June 2024 of approximately HK5.52 cents per ordinary share, amounting to approximately HK$32,736,000 (equivalent to RMB29,563,000), was recommended by the Board and was paid in September 2024.

(c) A special dividend in respect of the six months ended 30 June 2023 of HK3.8 cents per ordinary share, amounting to approximately HK$21,565,000 (equivalent to RMB19,971,000), was recommended by the Board on 12 March 2024 and was paid in April 2024.

13. EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

For the year ended 31 December 2024, the basic earnings per share is calculated by dividing the earnings for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares of 577,268,400 (2023: 567,500,000) in issue during the year. There were no differences between the basic and diluted earnings per share as there were no potential ordinary shares outstanding during the year.

14. PROPERTY, PLANT AND EQUIPMENT

Year ended 31 December 2024

	Structures RMB'000	Transportation equipment RMB'000	Office equipment RMB'000	Machinery equipment RMB'000	Leasehold improvements RMB'000	Total RMB'000
At 1 January 2024:						
Cost	3,236	2,666	9,999	6,698	2,772	25,371
Accumulated depreciation	(990)	(2,184)	(6,683)	(4,001)	(1,408)	(15,266)
Net carrying amount	2,246	482	3,316	2,697	1,364	10,105
At 1 January 2024, net of accumulated depreciation	2,246	482	3,316	2,697	1,364	10,105
Additions	276	398	2,767	2,246	2,129	7,816
Acquisition of subsidiaries *(Note 34)*	9	16	53	92	1,192	1,362
Written off	–	(2)	(61)	(31)	–	(94)
Depreciation provided during the year *(Note 7)*	(248)	(417)	(1,861)	(1,854)	(1,474)	(5,854)
At 31 December 2024, net of accumulated depreciation	2,283	477	4,214	3,150	3,211	13,335
At 31 December 2024:						
Cost	3,512	3,053	12,277	8,566	6,094	33,502
Accumulated depreciation	(1,229)	(2,576)	(8,063)	(5,416)	(2,883)	(20,167)
Net carrying amount	2,283	477	4,214	3,150	3,211	13,335

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Year ended 31 December 2023

	Structures RMB'000	Transportation equipment RMB'000	Office equipment RMB'000	Machinery equipment RMB'000	Leasehold improvements RMB'000	Total RMB'000
At 1 January 2023:						
Cost	3,236	2,750	8,830	5,885	1,059	21,760
Accumulated depreciation	(898)	(2,240)	(5,961)	(3,176)	(743)	(13,018)
Net carrying amount	2,338	510	2,869	2,709	316	8,742
At 1 January 2023, net of accumulated depreciation	2,338	510	2,869	2,709	316	8,742
Additions	–	111	1,169	813	1,713	3,806
Written off	–	(129)	–	–	–	(129)
Depreciation provided during the year *(Note 7)*	(92)	(9)	(722)	(826)	(665)	(2,314)
At 31 December 2023, net of accumulated depreciation	2,246	483	3,316	2,696	1,364	10,105
At 31 December 2023:						
Cost	3,236	2,666	9,999	6,698	2,772	25,371
Accumulated depreciation	(990)	(2,184)	(6,683)	(4,001)	(1,408)	(15,266)
Net carrying amount	2,246	482	3,316	2,697	1,364	10,105

15. LEASES

The Group has lease contracts for its offices in the PRC and Hong Kong, which are used in operations. The lease terms vary between 2 and 15 years (2023: 2 and 5 years) and the lease payments are paid monthly or yearly. Apartments and cleaning machines have lease terms of 12 months or less or with low value, which are not recognised as right-of-use assets and lease liabilities. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. No extension or termination options, nor variable lease payments were contained in the above lease contracts.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Offices RMB'000
As at 1 January 2023	3,893
Additions	10,102
Depreciation charge *(Note 7)*	(2,576)
As at 31 December 2023 and 1 January 2024	**11,419**
Additions	**35,748**
Depreciation charge *(Note 7)*	**(8,475)**
As at 31 December 2024	**38,692**

15. LEASES (CONTINUED)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	Offices RMB'000
Carrying amount at 1 January 2023	3,983
Additions	10,102
Accretion of interest during the year	258
Payments	(3,119)
Carrying amount at 31 December 2023	11,224
Analysed into:	
Current portion	3,611
Non-current portion	7,613
	11,224
Carrying amount at 1 January 2024	**11,224**
Additions	**35,750**
Accretion of interest during the year	**1,041**
Payments	**(965)**
Carrying amount at 31 December 2024	**47,050**
Analysed into:	
Current portion	**14,269**
Non-current portion	**32,781**
	47,050

15. LEASES (CONTINUED)

(b) Lease liabilities (Continued)

The maturity analysis of lease liabilities is as follows:

	2024 **RMB'000**	2023 RMB'000
Within one year	**20,530**	4,071
Over one year but within two years	**13,516**	2,277
Over two years but within five years	**13,277**	8,301
Over five years	**3,514**	–
Total lease payments	**50,837**	14,649
Less: Finance charges	**(3,787)**	(3,425)
	47,050	11,224

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

	2024 **RMB'000**	2023 RMB'000
Interest on lease liabilities	**1,041**	258
Depreciation charge of right-of-use assets *(Note 15(a))*	**8,475**	2,576
Expense relating to short-term leases *(Note 7)*	**228**	651
Total amount recognised in profit or loss	**9,744**	3,485

16. INTANGIBLE ASSETS

	Operating right of premises *(Note (a))* RMB'000	Computer software RMB'000	Total RMB'000
Cost at 1 January 2024, net of accumulated amortisation	**–**	**3,022**	**3,022**
Additions	**–**	**283**	**283**
Acquisition of subsidiaries *(Note 34)*	**39,000**	**–**	**39,000**
Amortisation provided during the year *(Note 7)*	**(2,925)**	**(451)**	**(3,376)**
At 31 December 2024	**36,075**	**2,854**	**38,929**
At 31 December 2024:			
Cost	**39,000**	**4,829**	**43,829**
Accumulated amortisation	**(2,925)**	**(1,975)**	**(4,900)**
Net carrying amount	**36,075**	**2,854**	**38,929**
Cost at 1 January 2023, net of accumulated amortisation	–	3,327	3,327
Additions	–	110	110
Amortisation provided during the year *(Note 7)*	–	(415)	(415)
At 31 December 2023	–	3,022	3,022
At 31 December 2023:			
Cost	–	4,546	4,546
Accumulated amortisation	–	(1,524)	(1,524)
Net carrying amount	–	3,022	3,022

16. INTANGIBLE ASSETS (CONTINUED)

Note:

(a) The intangible asset represented the operating right of premises arising from acquisition of a subsidiary from the Ultimate Holding Company in relation to the partial settlement of the arbitral award on 1 April 2024. The premises operating right refers to the right to provide operational services (mainly including development and operation planning and management, solicitation agency, leasing, advertisement and promotion, property services and parking space management) to the subsidiaries of the Ultimate Holding Company by the Group, in respect of certain commercial properties assets owned by the subsidiaries of the Ultimate Holding Company for 10 years. The premises operating right has finite useful life and is amortised on a straight-line basis over 10 years. Details of the acquisition for the partial settlement of the arbitral award are set out in Note 34.

The directors of the Company considered that performing a formal estimate of the recoverable amount of the intangible assets for the premises operating right as at 31 December 2024 and quantitative impairment test is not necessary, as there was no indication of an impairment loss in light of the profit-making situation of the subsidiaries which derived revenue from the premises operating right for the year. The Group assessed that the overall benefits of disclosing quantitative impairment test results may not outweigh the costs of providing the associated information.

17. INVESTMENTS IN ASSOCIATES

The Group's interests in associates are accounted for using equity method, amounts recognised as follows:

	2024	2023
	RMB'000	RMB'000
At 1 January	**476**	402
Addition	**102**	–
Share of profit	**77**	74
At 31 December	**655**	476

17. INVESTMENTS IN ASSOCIATES (CONTINUED)

Particulars of the Group's main associates are as follows:

Name	Paid-up capital	Place of registration and operation	Principal activity	Percentage of ownership interest attributable to the Group
Henan Yicheng Xinyuan Property Services Co. Ltd. 河南頤城鑫苑物業服務有限公司 *(Note a)*	RMB5,000,000	PRC	Property management and related services	49% (2023: 49%)
Jinan Tianzi Xinyuan Property Services Co., Ltd. 濟南天資鑫苑物業服務有限公司 *(Note b)*	RMB1,000,000	PRC	Property management and related services	49% (2023: Nil)

Notes:

(a) On 17 April 2020, the Group acquired a 49% equity interest of Henan Yicheng Xinyuan Property Services Co. Ltd ("**Yicheng**") at a consideration of approximately RMB2,450,000. The Group has two seats in the board of directors of Yicheng, as well as the 49% equity voting rights, therefore the Group has the ability to exercise significant influence over Yicheng. Thus, Yicheng was accounted for as an associate using the equity method.

(b) On 28 June 2024, the Group acquired a 49% equity interest of Jinan Tianzi Xinyuan Property Services Co., Ltd. ("**Jinan**") at a consideration of approximately RMB101,500. The Group has one seat in the board of directors of Jinan, as well as the 49% equity voting rights in Jinan, therefore the Group has the ability to exercise significant influence over Jinan. Thus, Jinan was accounted for as an associate using the equity method.

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

	2024 RMB'000	2023 RMB'000
Share of the associates' profit for the year	**77**	74
Share of the associates' total comprehensive income	**77**	74
Carrying amount of the Group's investments in the associates	**655**	476

18. INVESTMENT PROPERTIES

	Leased car parking spaces – right-of-use assets *(Note (a))* RMB'000	Leased clubhouses – right-of-use assets *(Note (b))* RMB'000	Total RMB'000
As at 31 December 2024			
Opening net book amount	–	–	–
Additions	–	43,881	43,881
Acquisition of subsidiaries *(Note 34)*	9,827	–	9,827
Depreciation charge	–	(1,463)	(1,463)
Impairment loss for the year	–	(2,671)	(2,671)
Closing net book amount	9,827	39,747	49,574
As at 31 December 2024			
Cost	9,827	43,881	53,708
Accumulated depreciation	–	(1,463)	(1,463)
Accumulated impairment	–	(2,671)	(2,671)
Net book amount	9,827	39,747	49,574
As at 31 December 2023			
Opening net book amount	–	–	–
Additions	–	–	–
Depreciation charge	–	–	–
Closing net book amount	–	–	–
As at 31 December 2023			
Cost	–	–	–
Accumulated depreciation	–	–	–
Net book amount	–	–	–

18. INVESTMENT PROPERTIES (CONTINUED)

(a) As at 31 December 2024, the Group had 547 (2023: nil) leased car parking spaces with lease term of 20 years which were acquired through acquisition of the 100% equity interest in Beijing Xinyuan Hongsheng Commercial Management Co., Ltd. ("**Beijing Xinyuan Hongsheng**") and its subsidiaries from the Ultimate Holding Company in relation to the partial settlement of the arbitral award on 1 April 2024. Details of the acquisition for the partial settlement of the arbitral award are set out in Note 34.

(b) At 31 December 2024, the Group had six (2023: nil) leased clubhouses with lease term of 30 years which were acquired in relation to the satisfaction of the outstanding amount under a final and legally binding arbitral award issued by the Hong Kong International Arbitration Centre on 13 October 2023. On 3 January 2024, Xinyuan Science and Technology Service Group Co., Ltd ("**Xinyuan Science**"), an indirect wholly-owned subsidiary of the Company, as transferee and Henan Xinyuan Real Estate Co., Ltd. ("**Henan Xinyuan**"), an indirect wholly-owned subsidiary of the Ultimate Holding Company) as transferor entered into an agreement, pursuant to which Henan Xinyuan agreed to transfer the operating right (representing the exclusive rights to operate and receive rental income derived from the six clubhouses of six residential projects in Zhengzhou City, Henan Province, the PRC, developed and owned by Henan Xinyuan) to Xinyuan Science for a term of 30 years.

(c) Fair value hierarchy

As at 31 December 2024, the fair values of the investment properties for the right-of-use assets of the leased car parking spaces and leased clubhouses amounted to approximately RMB10,210,000 and RMB39,747,000 respectively.

An independent valuation of the Group's investment properties was performed by the independent and professional qualified valuer, to determine the fair value of the investment properties as at 31 December 2024.

As at 31 December 2024, as certain of significant inputs used in the determination of fair value of investment properties are arrived at by reference to certain significant unobservable market data, the fair value of all investment properties of the Group is included in level 3 of the fair value measurement hierarchy. The fair value measurement is categorised into Level 3 fair value hierarchy. There were no transfers into or out of Level 3 during the year.

18. INVESTMENT PROPERTIES (CONTINUED)

(d) Valuation processes of the Group

The Group's investment properties were valued at 31 December 2024, by an independent professional qualified valuer who holds a recognised relevant professional qualification and have recent experience in the locations and categories of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

(e) Valuation techniques

Investment properties comprise of right-of-use assets of the leased car parking spaces and leased clubhouses held under leases. As at 31 December 2024, the fair value of leased car parking spaces and leased clubhouses were determined based on the income approach. For income approach, the significant unobservable inputs are market rentals of all leasable units of the properties are assessed by reference to the rentals achieved in the leasable units of the properties as well as other leasing of similar properties in the neighbourhood which ranged from RMB84 to RMB152 per month for leased car parking spaces and ranged from RMB20,000 to RMB70,000 per month for leased clubhouses. The discount rate, which was 6.0% for leased car parking spaces and 5.1% for leased clubhouses, was determined by reference to the yields derived from analysing the sales transactions of similar properties and adjusted to take into account the market expectation from property investors to reflect factors specific to the Group's sub-leased right-of-use assets under the investment properties.

19. FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVTOCI")

	2024 **RMB'000**	2023 RMB'000
Unlisted equity investment	**4,000**	–

At 31 December 2024, the amount represents an unlisted investment in 2.2% (2023: nil) equity shares of Shenzhen Province Kehutong Technology Company Limited* (深圳市客戶通科技有限公司) acquired in February 2024, a private company incorporated in the PRC which is engaged in provision of digital communication, internet and cloud services.

* *The English name of the unlisted equity investment established in the PRC is translated for identification only.*

19. FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVTOCI") (CONTINUED)

The directors of the Company have elected to designate the above investment as financial asset at FVTOCI as they believed that the Group's strategy of holding these investments is for long-term purpose and realising their performance potential in the long run.

The measurement of the fair value of the financial asset at FVTOCI may involve estimation using a market-based valuation approach based on assumptions that are not supported by observable inputs such as market prices or rates. In the opinion of the directors of the Company, after assessing the financial performance of the unlisted equity investment and its carrying amount, the directors of the Company determined that it is immaterial to the Group as a whole as at 31 December 2024. The disclosure and determination of the fair value of unlisted equity investment at the end of the reporting period is not performed, otherwise this would result in particulars of excessive time and resources utilised, whereas provide minimal useful information and benefit to the users of the consolidated financial statements.

20. INVENTORIES

	2024 **RMB'000**	2023 RMB'000
Parking spaces	**49,402**	54,272
Consumables	**35**	–
Less: write down of inventories	**(5,727)**	(672)
	43,710	53,600

Note: Inventories mainly consist of the 497 (2023: 546) car parking spaces transferred from the Ultimate Holding Company to the Group under an offsetting debt agreement dated 31 October 2023, of which 49 care parking spaces were sold during the year ended 31 December 2024. In accordance with the local policies in Qingdao, after considering the advice of the lawyer of the Company, these car parking spaces are right to use of the parking spaces. These right to use is transferable under the relevant law.

As at 31 December 2024, the Group assessed the net realisable value of these parking spaces and an impairment of RMB5,055,000 (2023: RMB672,000) was recognised in other expense for written down inventories to net realisable value.

21. TRADE AND BILLS RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables *(Note (a))*		
– Related parties	**235,973**	265,222
– Third parties	**267,790**	161,343
	503,763	426,565
Less: allowance for impairment of trade receivables *(Note 38(a)(i)) and Note (b))*	**(180,497)**	(200,212)
	323,266	226,353
Bills receivable *(Note (c))*	**1,560**	2,261
	324,826	228,614

Notes:

(a) For trade receivables from property management services, the Group charges property management fees on a monthly or quarterly basis and the payment is generally due upon the issuance of demand notes. No credit period is granted (2023: Nil).

Receivables from value-added services and pre-delivery services are due for payments in accordance with the terms of the relevant services agreements with property developers, which is normally within 30 to 90 days (2023: 30 to 90 days) from the issue of demand note.

The amounts due from related parties are repayable on credit terms similar to those offered to other major customers of the Group.

(b) A reversal of provision of trade receivables of RMB1,017,000 was recognised in the profit or loss for the year ended 31 December 2023 (2024: Nil). It was related to the 546 car parking spaces transferred from the Ultimate Holding Company to the Group under an offsetting debt agreement entered on 31 October 2023.

(c) The balance represented certain bank acceptance bills totaling RMB1,560,000 (2023: RMB2,261,000). The directors of the Company considered that expected credit loss for these bills is immaterial in view of no history of default and good repayment history of these customers.

21. TRADE AND BILLS RECEIVABLES (CONTINUED)

An ageing analysis of the trade and bills receivables as at the end of the year, based on the date of recognition of revenue and net of impairment, is as follows:

	2024	2023
	RMB'000	RMB'000
Within 1 year	**151,493**	124,409
1 to 2 years	**90,305**	40,032
2 to 3 years	**51,196**	57,374
3 to 4 years	**31,832**	6,799
Total	**324,826**	228,614

The movements in provision for impairment of trade and bills receivables are as follows:

	2024		2023	
	Third parties	**Related parties**	Third parties	Related parties
	RMB'000	**RMB'000**	RMB'000	RMB'000
At the beginning of year	**67,335**	**132,877**	44,314	117,931
Charge/(credit) for the year *(Note 7)*	**14,841**	**(34,556)**	23,021	14,946
At the end of the year	**82,176**	**98,321**	67,335	132,877

22. CONTRACT ASSETS

	2024 **RMB'000**	2023 RMB'000
Pre-delivery and consulting services		
– Related parties	**73,583**	64,156
– Third parties	**28,911**	23,166
	102,494	87,322
Less: allowance for impairment of contract assets	**(44,143)**	(40,797)
	58,351	46,525

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date arising from pre-delivery and consulting services. Contract assets are transferred to receivables when the rights become unconditional.

Movement during the year is as disclosed below:

	2024 **RMB'000**	2023 RMB'000
At 1 January	**46,525**	45,551
Increase in contract assets as a result of recognising revenue during the year	**73,571**	74,631
Decrease in contract assets as a result of right to consideration become unconditional during the year	**(61,745)**	(73,657)
At 31 December	**58,351**	46,525

22. CONTRACT ASSETS (CONTINUED)

The movements in provision for impairment of contract assets are as follows:

	2024		2023	
	Third parties RMB'000	**Related parties RMB'000**	Third parties RMB'000	Related parties RMB'000
At the beginning of year	**8,409**	**32,388**	8,863	29,755
Charge/(credit) for the year *(Note 7)*	**7,350**	**(4,004)**	(454)	2,633
At the end of the year	**15,759**	**28,384**	8,409	32,388

23. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES/PAYMENTS TO RELATED PARTIES/PREPAYMENTS TO A RELATED PARTY

	2024 RMB'000	2023 RMB'000
Non-current		
Prepayments		
– Related parties *(Notes (a) and 35(e))*	**89,073**	89,073
Less: allowance for impairment of prepayments	**(41,737)**	(14,261)
	47,336	74,812
Current		
Payments		
– Related parties *(Notes (b) and 35(e))*	**200,600**	206,646
Less: allowance for impairment of payments	**(101,303)**	(104,322)
	99,297	102,324

23. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES/PAYMENTS TO RELATED PARTIES/PREPAYMENTS TO A RELATED PARTY (CONTINUED)

	2024	2023
	RMB'000	RMB'000
Prepayments		
– Related parties *(Notes (c) and 35(e))*	**12,617**	593
– Third parties *(Note (d))*	**13,726**	11,751
	26,343	12,344
Deposits *(Note (e))*	**30,441**	18,578
Less: allowance for impairment of deposits *(Note 38(a)(ii))*	**(12,404)**	–
	18,037	18,578
Other receivables		
– Related parties *(Notes (c), (g) and 35(e))*	**66,137**	16,129
– Related parties – receivables related to Pledges *(Notes (f) and 35(e))*	**302,714**	398,847
– Third parties *(Note (c))*	**7,320**	7,809
	376,171	422,785
Less: allowance for impairment of:		
– other receivables on related party	**(13,287)**	(4,881)
– receivables related to Pledges	**(153,884)**	(201,355)
– other receivables on third party	**(3,750)**	(2,173)
	205,250	214,376
	249,630	245,298

23. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES/PAYMENTS TO RELATED PARTIES/PREPAYMENTS TO A RELATED PARTY (CONTINUED)

Notes:

(a) Balance represented the payment of entire consideration in advance in accordance with the sale and purchase contract entered into with the Ultimate Holding Company in 2018, for the purchase of 342 property units of Xinyuan Mingcheng, the property development project located in Henan Province.

During the year ended 31 December 2024, the construction of the properties had completed but the relevant certificate of handed over was provided to the Group subsequent to the year so that the balance is classified as prepayment as at 31 December 2024.

The directors of the Company considered that there was approximately RMB41,737,000 impairment provision provided as at 31 December 2024 as the recoverable amount of the prepayment (i.e. fair value less costs of disposal of properties) was assessed to be lower than its carrying amount (2023: RMB14,261,000).

(b) Balance of approximately RMB189,373,000 (2023: RMB195,419,000) represented payments to certain subsidiaries of the Ultimate Holding Company for exclusive sales right of car parking spaces. In September 2020, the Group and Ultimate Holding Company entered into the Car Parking Space Exclusive Sales Cooperation Agreement (the "**Agreement**"), pursuant to which, Ultimate Holding Company agreed to designate the Group as the exclusive sales partner of a total 4,066 car parking spaces and the Group agreed to pay the refundable payments in cash of approximately RMB206,783,000, representing the total car parking spaces reserve price as the deposits for being such exclusive sales partner. The Agreement became effective upon the fulfillment of conditions and the approval by shareholders other than the controlling shareholder at an extraordinary general meeting in 2020.

The payments would be refunded to the Group by instalments in accordance with the agreed sales milestones of car parking spaces.

Instalments	Sales milestone	Amounts to be refunded
First instalment	40% of total car parking spaces	40% of payments for exclusive sales right
Second instalment	70% of total car parking spaces	30% of payments for exclusive sales right
Third instalment	90% of total car parking spaces	30% of payments for exclusive sales right

On 23 December 2021, the Group and the Ultimate Holding Company entered into the supplemental agreement (the "**Supplemental Agreement**"), pursuant to which, both parties agreed to postpone the cooperation period to 31 December 2023. Such Supplemental Agreement became effective upon approval by shareholders other than the controlling shareholder at an extraordinary general meeting in 2022.

On 16 May 2022, the Group and the Ultimate Holding Company entered into the second supplemental agreement (the "**Supplemental Agreement II**"), pursuant to which, both parties agreed that, all the amount generated from the sales of designated car parking spaces will be received by the Group on behalf of subsidiaries of the Ultimate Holding Company and such amount will be directly applied as refund of the payments made until the payments are fully refunded. The Ultimate Holding Company will refund the above specified amount (after netting off the payment received on behalf by the Group so far) when the Group achieved the milestone and settle the remaining outstanding payments at the expiration of the Agreement. Such Supplemental Agreement II became effective upon approval by shareholders other than the controlling shareholder at an extraordinary general meeting in 2022.

23. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES/PAYMENTS TO RELATED PARTIES/PREPAYMENTS TO A RELATED PARTY (CONTINUED)

Notes: (Continued)

(b) (Continued)

During the year ended 31 December 2023, the Group has conducted certain sales activities under the aforementioned agreements. However, up to 31 December 2023, the Group did not achieve the first sales milestones, and the sales of designated car parking spaces amounted to approximately RMB6,582,000 during the year and an amount of RMB4,789,000 has been offset against the payments pursuant to the Supplemental Agreement II. During the year ended 31 December 2023, the Group generated the corresponding Pre-delivery and consulting service fee income of approximately RMB1,793,000, which were included in Pre-delivery and consulting service fee income. Pursuant to the Agreement, if the Ultimate Holding Company fails to duly refund the payments, interest shall be payable to the Group at the 1-year loan prime rate announced by the People's Bank of China for the same period (from the date on which the Group actually pays the relevant payments up to the date on which the deposit is actually refunded by the Ultimate Holding Company).

On 22 March 2024, the Company and the Ultimate Holding Company entered into an agreement (the "**Offset Agreement**") pursuant to which the parties agreed that all the cash sales proceeds of 2,181 car parking spaces (the "**Car Parking Spaces**") owned by the Ultimate Holding Company and currently managed by the Group or held by the Group for sale on behalf of the Ultimate Holding Company, if sold, will be retained by the Group and applied to settle an equivalent amount of the outstanding refundable payment. For the avoidance of doubt, the Group will not acquire ownership of the Car Parking Spaces under the Offset Agreement. If the sales proceeds are insufficient to settle the entire amount of the outstanding refundable payment, the shortfall will be payable by the Ultimate Holding Company to the Company in cash within ten working days after completion of sales of all Car Parking Spaces.

The directors of the Company assess the expected credit loss of the payments and approximately RMB95,636,000 was provided as at 31 December 2024 (2023: RMB98,655,000).

As at 31 December 2024, balance also includes another arrangement with a subsidiary of the Ultimate Holding Company of RMB11,227,000 (2023: RMB11,227,000). On 22 July 2022, Zhengzhou Shengdao Real Estate Co., Ltd. ("**Zhengzhou Shengdao**"), an indirect wholly-owned subsidiary of the Ultimate Holding Company) entered into a previous agreement ("**Previous Agreement**"), pursuant to which an independent third party, which is engaging in providing property management, parking space management, and agency services etc., agreed to assist Zhengzhou Shengdao to sell a total of 862 car parking spaces for a period commencing from 22 July 2022 until the sales of all car parking spaces are completed.

On 22 September 2023, Zhengzhou Shengdao, the independent third party and the Group entered into a tripartite agreement, pursuant to which (i) Zhengzhou Shengdao and the independent third party agreed to terminate the Previous Agreement; (ii) Zhengzhou Shengdao agreed to pay the termination fee to the independent third party; and (iii) the Group agreed to cooperate with Zhengzhou Shengdao to sell the remaining 798 unsold car parking spaces ("**Designated Car Park Spaces**") and pay the termination fee of RMB9,417,000 to the independent third party on behalf of Zhengzhou Shengdao.

23. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES/PAYMENTS TO RELATED PARTIES/PREPAYMENTS TO A RELATED PARTY (CONTINUED)

Notes: (Continued)

(b) (Continued)

On 22 September 2023, the Group and Zhengzhou Shengdao entered into the an agreement, pursuant to which Zhengzhou Shengdao agreed to designate the Group as the exclusive sales partner of a total of 798 Designated Car Parking Spaces for a co-operation period commencing from 22 September 2023 up to 21 September 2028. Under the agreement, the Group will be responsible for carrying out the work, including the initial sales planning and promotion of the Designated Car Parking Spaces and the provision of required services to the buyers in the course of the sale and purchase of the Designated Car Parking Spaces, including but not limited to assisting the buyers in executing the relevant agreements and delivering the Designated Car Parking Spaces. Pursuant to the agreement, the Group shall pay Zhengzhou Shengdao a refundable earnest money of RMB11,227,000, which is the minimum total sum of the Designated Car Park Spaces, in instalments as the deposit. First and second installments of the earnest money are RMB9,417,000 and RMB1,810,000, respectively, being the termination fee under the tripartite agreement to the independent third party and the remaining amount of the earnest money to Zhengzhou Shengdao. The termination fee RMB9,417,000 consists of the unsold 718 car parking spaces about RMB8,022,000 and 80 car parking spaces originally agreed owned by itself about RMB894,174 and the termination compensation of RMB1,000,000 deducted by the deposits of RMB500,000 not being paid by the independent third party.

Pursuant to which, both parties agreed that, all the amount generated from the sales of Designated Car Parking Spaces will be received by the Group on behalf of Zhengzhou Shengdao and such amount will be directly applied as refund of the payments made until the payments are fully refunded. As at 31 December 2024, no car parking spaces were sold out successfully. The directors of the Company assess the expected credit loss of the payments and approximately RMB5,667,000 was provided as at 31 December 2024 (2023: RMB5,667,000).

Further details are disclosed in the announcement of the Company dated 22 September 2023 and 11 October 2023.

(c) Other receivables on related parties were non-trade in nature, unsecured, interest-free and repayable on demand.

All the current portion of deposits, prepayments and other receivables are expected to be recovered or recognised as expense within one year.

The directors of the Company assess the expected credit loss of the other receivables from related party and approximately RMB8,406,000 (Note 7) was made for the year ended 31 December 2024 (2023: RMB184,000).

The directors of the Company assess (reversal)/provision for expected credit loss of the other receivables from third party and a provision of approximately RMB13,981,000 (Note 7) was provided for the year ended 31 December 2024 (2023: reversal of RMB2,021,000).

(d) Balance mainly represented the prepaid utility expenses and prepaid construction service fee to certain subcontractors of approximately RMB9,213,000 and RMB4,513,000 (2023: RMB5,280,000 and RMB6,471,000) respectively.

23. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES/PAYMENTS TO RELATED PARTIES/PREPAYMENTS TO A RELATED PARTY (CONTINUED)

Notes: (Continued)

(e) Balance mainly represented deposits paid for utilities, construction projects and bidding of property management service projects of approximately RMB20,093,000, RMB2,725,000 and RMB7,623,000 (2023: RMB6,658,000, RMB847,000 and RMB11,073,000) respectively.

The directors of the Company assess the impairment of the deposits paid (Note 38(a)(ii)) and approximately RMB12,404,000 was provided for the year ended 31 December 2024 (2023: RMB1,097,000).

Balance of RMBnil (2023: RMB6,461,000) represented the receivables reallocated from the loan receivables.

(f) Balance mainly represented the previously unauthorised pledged bank deposits for the bank borrowings ("**Pledges**") obtained by the Borrowers and deducted by the bankers in relation to the failure of repayment by the Borrowers to the bankers. Details of the Pledges were stated in the Company's announcement dated 15 November 2022. During the year ended 31 December 2024, the Ultimate Holding Company has confirmed that these balances were due from them and they will be responsible for settling the balances by the transfer of their certain non-cash assets in satisfaction of the amount due from them.

The directors of the Company assessed the expected credit loss of the receivables related to Pledges and reversed the provision of approximately RMB47,471,000 which was used to offsetting the loss of approximately RMB53,960,000 on partial settlement of other receivables related to Pledges (Note 34) during the year ended 31 December 2024 (2023: provision of RMB790,000).

The movements in provision for impairment of (i) other receivables (including other receivables on related party, receivables related to Pledges and other receivables on third party); and (ii) Payments are as follows:

	2024		2023	
	Third parties RMB'000	**Related parties RMB'000**	Third parties RMB'000	Related parties RMB'000
At the beginning of the year	**2,173**	**310,558**	4,194	288,191
Charge/(credit) for the year *(Note 7)*	**1,577**	**(42,084)**	(2,021)	22,367
At the end of the year	**3,750**	**268,474**	2,173	310,558

24. FINANCIAL ASSETS AT FVTPL

	2024 RMB'000	2023 RMB'000
Unlisted fund-linked note *(Note (a))*	**–**	–
Other unlisted investments *(Note (b))*	**–**	10,101
Total	**–**	10,101

Notes:

(a) During the year ended 31 December 2021, the Group purchased an unlisted fund-linked note with nominal amount of USD6,305,000 (equivalent to approximately RMB41,453,000) issued by a financial institution (the "**Issuer**"). The fund-linked note is linked to a segregated portfolio of Yue Xiu Investment Fund Series Segregated Portfolio Company, which is an unlisted third-party investment fund registered with Cayman Islands Monetary Authority. The segregated portfolio including but not limited to listed equity and debt securities, structured products and other private investment fund.

The directors of the Company consider the credit risk of the financial institution is minimal as it is a subsidiary of a state-owned corporation with its holding company listed in stock exchange of Shenzhen.

The fund-linked note is unconditionally redeemable within 1 year after the date of acquisition at the fair value at the date of redemption.

The fair value of the unlisted fund-linked note as at the end of the reporting period was estimated by the management of the Company by reference to the performance report provided by the fund manager.

In August 2023, the Group reassessed the prevailing economy environment and submitted a redemption notice to the Issuer in accordance with the relevant terms to subscription agreements. The Issuer advised that, due to the fair value of the underlying investment assets were dropped to zero, the redemption value of the fund-linked is considered as nil.

In September 2024, the "unlisted fund-linked note" was fully redeemed at nil consideration. No gain or loss on redemption was recognised for the year.

(b) In May and September of 2023, the Group invested in other unlisted investments with total nominal amount of RMB10,000,000, which represent wealth management products issued by China Merchants Bank in the PRC, the segregated portfolio mainly includes fixed income assets including but not limited to state bonds and time deposits.

The other unlisted investments are unconditionally redeemable at any time after the date of acquisition over 7 days.

The fair value of the other unlisted investments as at the end of the reporting period was estimated by the management of the Company by reference to the performance report provided by the bank wealth manager.

During the year ended 31 December 2023, fair value loss on financial assets at FVTPL of approximately RMB30,891,000 was recognised in the profit or loss as "Change in fair value of financial assets at FVTPL".

In September 2024, the "other unlisted investments" were fully redeemed at a consideration of approximately RMB10,267,000. A gain on redemption of RMB166,000 was recognised in profit or loss for the year.

25. CASH AND CASH EQUIVALENTS

	2024 **RMB'000**	2023 RMB'000
Cash and bank balances	**264,018**	258,957

As at 31 December 2023, except for RMB135,046,000 which were enforced by the banks in January and February of 2023, no other time deposit was placed. As at 31 December 2024, no pledged deposit was enforced by the banks and no other time deposit was placed.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between seven days and a year depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates.

As at 31 December 2024, time deposits and cash and cash equivalents of the Group which is denominated in Renminbi amounted to approximately RMB225,689,653 (2023: RMB217,351,913). The Renminbi is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for other currencies through banks authorised to conduct foreign exchange business. The remaining cash and cash equivalents denominated in Hong Kong dollars and United States dollars amounted to approximately RMB38,291,830 (2023: RMB41,541,801) and RMB36,154 (2023: RMB63,027) respectively.

26. TRADE PAYABLES

	2024 **RMB'000**	2023 RMB'000
Trade payables		
– Related parties	**30,066**	1,040
– Third parties	**114,897**	105,643
	144,963	106,683

As at 31 December 2024 and 2023, the carrying amounts of trade payables approximated to their fair values.

The trade payables have a normal credit terms of 30 to 90 (2023: 30 to 90) days.

The ageing analysis of trade payables based on the invoice date was as follows:

	2024 **RMB'000**	2023 RMB'000
Within 1 year	**73,593**	84,692
1 to 2 years	**58,553**	10,745
2 to 3 years	**4,269**	10,657
Over 3 years	**8,548**	589
	144,963	106,683

27. OTHER PAYABLES AND ACCRUALS

	2024 RMB'000	2023 RMB'000
Other payables		
– Related parties *(Note 35(e))*	**42,294**	20,558
– Deposits and temporary receipts from property owners	**131,984**	118,225
– Others	**27,746**	30,062
	202,024	168,845
Dividend payable	**40**	–
Payroll payables	**48,146**	42,772
Other taxes payable	**13,969**	2,753
	264,179	214,370

Deposits mainly represented miscellaneous deposits including the management deposit and property improvement deposits received from property owners for the respective service period. Temporary receipts represented the utility charges received from property owners on behalf of utility companies.

Other payables to related parties were unsecured, interest-free and repayable on demand.

28. CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Contract liabilities		
– Property management services	**134,665**	71,210
– Value-added services	**9,705**	35,068
– Pre-delivery and consulting services	**119**	224
	144,489	106,502
Attributable to:		
– Related parties *(Note 35(e))*	**54**	–
– Third parties	**144,435**	106,502
	144,489	106,502

Contract liabilities mainly arise from the advance payments received from customers while the underlying services are yet to be provided. The balance mainly represented the short-term advances received from customers in relation to the provision of property management services at the end of the year. Movement of contract liabilities is as follows:

	2024 RMB'000	2023 RMB'000
At 1 January	**106,502**	109,359
Decrease in contract liabilities that were included in the balance at the beginning of the year as a result of recognising revenue	**(106,502)**	(109,359)
Increase in contract liabilities as a result of receiving sales deposits and instalments during the year	**395,670**	360,822
Decrease in contract liabilities as a result of recognising revenue during the year	**(251,181)**	(254,320)
At 31 December	**144,489**	106,502

29. DEFERRED TAX ASSETS/LIABILITIES

The movements in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, were as follows:

Deferred tax assets:

	Allowance for impairment of financial assets and contract assets RMB'000
At 1 January 2023	21,954
Recognised in profit or loss *(Note 11)*	5,136
At 31 December 2023 and 1 January 2024	**27,090**
Recognised in profit or loss *(Note 11)*	**18,183**
At 31 December 2024	**45,273**

The Group has not recognised deferred tax assets of approximately RMB55,915,000 (2023: RMB29,438,000) in respect of cumulative tax losses as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses will expire within 5 years when such losses were incurred under current tax legislation.

29. DEFERRED TAX ASSETS/LIABILITIES (CONTINUED)

Deferred tax liabilities:

	PRC withholding taxes RMB'000	Differences on recognition of depreciation RMB'000	Fair value adjustment on acquisition of subsidiaries RMB'000	Total RMB'000
At 1 January 2023	7,295	252	–	7,547
Recognised in profit or loss *(Note 11)*	(2,482)	279	–	(2,203)
At 31 December 2023 and 1 January 2024	**4,813**	**531**	**–**	**5,344**
Acquisition of subsidiaries *(Note 34)*	**–**	**–**	**1,950**	**1,950**
Recognised in profit or loss *(Note 11)*	**(171)**	**(72)**	**(146)**	**(389)**
At 31 December 2024	**4,642**	**459**	**1,804**	**6,905**

Deferred tax liabilities of approximately RMB49,341,000 as at 31 December 2024 (2023: RMB68,193,000) have not been provided in respect of withholding tax that would be payable on the distribution of retained earnings of certain Mainland China subsidiaries, which was determined based on the extent of retained earnings of these subsidiaries which are unlikely to be distributed of approximately RMB986,826,000 as at 31 December 2024 (2023: RMB681,927,000). The directors of the Company consider the Company controls the dividend policy of the Mainland China subsidiaries and the directors of the Company determined that such retained earnings are to be distributed in the foreseeable future.

30. SHARE CAPITAL

	2024 RMB'000	2023 RMB'000
Authorised:		
38,000,000,000 shares of a par value of HK$0.00001 each	**380**	380

30. SHARE CAPITAL (CONTINUED)

	Number of shares in issue	Fully paid share capital RMB'000
Issued and fully paid:		
At 1 January 2023, 31 December 2023 and 1 January 2024	567,500,000	5
Issued on 13 August 2024 *(Note)*	25,537,500	–
At 31 December 2024	593,037,500	5

Note: On 13 August 2024, the Company alloted and issued 25,537,500 ordinary shares as awarded shares to the two executive directors of the Company. Further details are set out in Note 32.

31. RESERVES

The amounts of the Group's reserves and the movements therein for the year are presented in the consolidated statements of changes in equity.

Share premium

Share premium account of the Group represents the excess of the proceeds received over the nominal value of the Company's shares issued.

Other reserve

Other reserve account of the Group comprises the merger reserve and capital reserve of approximately RMB72,732,000 and RMB230,057,000 (debit) (2023: RMB72,732,000, and RMB230,057,000 (debit)) respectively.

– Merger reserve represents the difference between the nominal value of the shares of the subsidiaries acquired and the nominal value of the shares issued by the Company as consideration thereof pursuant to the exchange of shares on group reorganisation.

– Capital reserve represents the difference between the fair value of the consideration paid and the carrying value of the subsidiaries acquired.

31. RESERVES (CONTINUED)

PRC reserve fund

Pursuant to the relevant rules and regulations in the PRC and the articles of association of certain PRC subsidiaries of the Group, the subsidiaries appropriate 10% of their profit after taxation to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their respective registered capital.

32. SHARE AWARD SCHEME

The Company operates a restricted share award scheme (the "**2019 Share Award Scheme**") for the main purpose of reflecting the substance of the share incentive scheme adopted by Xinyuan Science encouraging and retains the grantees (the "**Grantees**") to work with the Group. The Grantees of the 2019 Share Award Scheme include the Company's directors, senior executives and employees. The 2019 Share Award Scheme was adopted by the board on 31 January 2019 (the "**Adoption Date**") and shall remain valid and effective for a period of three years from the Adoption Date.

Pursuant to the 2019 Share Award Scheme, a total of ten directors and employees of the Group (each, the "**Grantee**") were awarded a total of 56,250 restricted shares, representing 15% of the share capital of the Company at the date of grant, which were subsequently subdivided into 56,250,000 shares representing 11.25% of the enlarged issued share capital of the Company immediately following the completion of the Global Offering which may be allotted and issued upon the exercise of any options which may be granted under the Post-IPO Share Option Scheme.

All the said restricted shares were granted to the Grantees at the aggregate consideration of RMB8,400,000 on 21 March 2019. Such consideration was fully settled in cash upon the allotment and issue of restricted shares.

32. SHARE AWARD SCHEME (CONTINUED)

Details of shares awarded under the 2019 Share Award Scheme are as follows:

	Shares awarded on 21 March 2019
Number of restricted shares awarded:	
– Directors	16,875,000
– Senior executives	13,125,000
– Employees	7,500,000
– Ultimate Holding Company *(Note)*	18,750,000
	56,250,000

Note: On 30 June 2019, Mr. Zhang Lizhou (one of the Grantees) resigned as an executive director. Pursuant to the 2019 Share Award Scheme, upon the resignation of Mr. Zhang Lizhou, his 5% share (i.e. 18,750,000 shares) was transferred to Ultimate Holding Company in consideration of the refund of RMB2,800,000 paid by Mr. Zhang Lizhou by entering into the arrangement agreement, these shares were vested immediately. Therefore, an award of 10% of the share capital of the Company was granted to the remaining directors, senior executives and employees at the aggregate consideration of RMB5,600,000.

Pursuant to the 2019 Share Award Scheme, the remaining restricted shares would be vested in three tranches of 2%, 18% and 80% of the restricted shares, on 1 January 2020, 1 January 2021 and 1 January 2022, respectively, in accordance with certain vesting conditions.

Each Grantee shall be subject to a service condition that he/she shall continuously serve or work for the Group for the period from the date of grant to 31 December 2021 (both dates inclusive). If the Grantee ceases to be a director or employee or other eligible person of the Group due to resignation or employment being terminated by the Group due to misconduct ("**Disqualification**"), the Grantee shall upon request of the Company (i) transfer or procure his/her nominee to transfer the legal and equitable ownership in all restricted shares which have been allotted and issued to him/her, free from all encumbrances, to the Company or its nominee; (ii) refund in full all the dividends received by him/her in respect of the forfeited shares as at the date of Disqualification; and the Company shall refund the (a) consideration paid by the Grantee per restricted share or (b) the closing market price per share on the date of Disqualification, whichever is the lower.

32. SHARE AWARD SCHEME (CONTINUED)

The Company operates a new share award scheme during 2024 (the "**2024 Share Award Scheme**") which is related to the conditional grants of award shares to two executive directors ("**grantees**") on 8 July 2024. This was a one-off grant and expired upon the vesting of the awarded shares. The purpose of the 2024 Share Award Scheme is to recognize the grantees' contribution to the business performance and development of the Group and to provide sufficient incentive to retain and motivate the grantees to continue to strive for greater contributions to the Group in the future.

As the conditional grants to each of the two executive directors would result in the shares issued and to be issued in respect of all options and awards granted (excluding any options and awards lapsed in accordance with the terms of the scheme) to them in the 12-month period up to and including the date of the conditional grants representing in aggregate over 1% of the shares in issue, the conditional grants were approved by the qualified shareholders at the EGM.

Pursuant to the 2024 Share Award Scheme, the conditional grant of awards of 25,537,500 awarded shares represented 17,025,000 new shares to Mr. Shen and 8,512,500 new shares to Mr. Wang, both being executive directors of the Company. The 25,537,500 awarded shares were allotted and issued under the Conditional Grants represents (i) 4.5% of the issued shares on 8 July 2024; and (ii) approximately 4.31% of the issued shares as enlarged by the allotment and issue of the awarded shares, assuming there will be no other change in the issued share capital of the Company between the grant date and date of the allotment and issue of the awarded shares.

The aggregate nominal value of the 25,537,500 awarded shares is HK$255.38. All awarded shares were credited as fully paid upon issue. All the awarded shares were vested immediately upon issue. The vesting of the awarded shares is not subject to any performance targets or clawback mechanism. Each of the grantees of the awarded shares shall not dispose of or transfer any of the awarded shares owned by them on or before 31 December 2025, provided that such restriction shall cease to apply if such grantees cease to be directors of the Company.

32. SHARE AWARD SCHEME (CONTINUED)

During the year ended 31 December 2024, the fair value of grantees' services received in return for restricted shares awarded of approximately RMB7,848,000 was measured by reference to closing market price at HK$0.335 of the Company's listed shares on 8 July 2024 which was the grant date of shares award.

Awards vested and forfeited of the Company's shares under the 2024 Share Award Scheme during the year are as follows:

Category of Grantees	Date of grant	Balance as at 1 January 2024	Aggregated awards vested during the year	Aggregated awards forfeited during the year	Balance as at 31 December 2024
Directors	8 July 2024	–	25,537,500	–	25,537,500

33. GOODWILL

	2024 RMB'000	2023 RMB'000
Cost		
At the beginning and end of the year	**3,090**	3,090
Accumulated impairment losses		
At the beginning and end of the year	**–**	–
Carrying amount		
At the end of the year	**3,090**	3,090
At the beginning of the year	**3,090**	3,090

The amount of goodwill arising from business combination in prior years. In December 2020, the Group acquired 100% equity interest in Chongqing Heavy Truck Group Hongqi Property Co. Ltd. ("**Chongqing Hongqi**") from Chongqing General Machinery Industry Co., Ltd.. Chongqing Hongqi is engaged in provision of property management and related services to customers.

33. GOODWILL (CONTINUED)

The recoverable amounts of the CGUs

The recoverable amount of Chongqing Hongqi as at 31 December 2024 has been determined to be approximately RMB9,749,000 (2023: RMB14,587,000) based on a value in use calculation (2023: value-in-use calculation). That value in use calculation uses cash flow projections based on most recent financial budget approved by management covering a period of 5 years. Cash flow beyond the projection period are extrapolated using an estimated growth rate of 0.00% (2023: 0.48%). The pre-tax discount rate used to discount the forecasted cash flows was 12.26% (2023: 12.39%).

The key assumptions for the discounted cash flow method are those regarding the pre-tax discount rates, revenue growth rates, budgeted gross margin. The Group estimated pre-tax discount that reflect current market assessments of the time value of money and the risks specific to Chongqing Hongqi. The revenue growth rates are based on long-term average economic growth rate of the geographical area in which the businesses of Chongqing Hongqi operate and expectations on market development. Budgeted gross margin are based on historical average gross margins of Chongqing Hongqi.

Based on the assessment, the value in use of Chongqing Hongqi is greater than the total carrying amount and therefore the management has concluded that there is no impairment in respect of Group's goodwill during the year ended 31 December 2024 (2023: Nil).

The management is of the opinion that a reasonably possible change in key assumptions for Chongqing Hongqi on which the management had based its determination of the recoverable amount would not cause an impairment loss.

34. ACQUISITION OF SUBSIDIARIES

On 13 October 2023, the Hong Kong International Arbitration Centre issued a final and legally binding arbitral award whereby the Ultimate Holding Company was liable to compensate the Group for the loss suffered, and costs and expenses incurred and the Ultimate Holding Company was required to transfer to the Group certain non-cash assets in satisfaction of such liabilities related to Pledges. On 1 April 2024, as partial settlement of the arbitral award, the Ultimate Holding Company transferred the entire equity interest in Beijing Xinyuan Hongsheng Commercial Management Co., Ltd. ("**Beijing Xinyuan Hongsheng**") and its subsidiaries to the Group.

34. ACQUISITION OF SUBSIDIARIES (CONTINUED)

The fair values of the identifiable assets and liabilities of Beijing Xinyuan Hongsheng Group as at the date of transfer on 1 April 2024 were as follows:

	Fair value recognised on transfer RMB'000
Property, plant and equipment *(Note 14)*	1,362
Investment properties *(Note 18(a))*	9,827
Prepayment, deposits and other receivables	28,319
Trade receivables	4,924
Cash and bank balance	21,989
Inventories	91
Tax recoverable	1,427
Intangible assets – operating right of premises *(Note 16)*	39,000
Trade payables	(15,333)
Contract liabilities	(17,121)
Deferred tax liabilities	(1,950)
Other payables and accruals	(40,056)
Total identifiable net assets at fair value	32,479
Loss on partial settlement of other receivables related to Pledges	53,960
Consideration set off with other receivables *(Note 40(a))*	86,439
Net inflow of cash and cash equivalents included in cash flows from investing activities	21,989

34. ACQUISITION OF SUBSIDIARIES (CONTINUED)

Beijing Xinyuan Hongsheng Group is principally engaged in the provision of premises management services and the acquisition was completed on 1 April 2024. The directors of the Company assessed the expected credit loss of the receivables related to Pledges and reversed the provision of approximately RMB47,471,000 (Note 7 and 23(f)) which was used to offset the loss of approximately RMB53,960,000 on partial settlement of other receivables related to Pledges for the year ended 31 December 2024. Consequently, the Group recognised a net loss of approximately RMB6,489,000 on partial settlement of other receivables related to Pledges in "other income, gains and losses – net" (Note 6) for the year ended 31 December 2024.

Since the acquisition, Beijing Xinyuan Hongsheng Group contributed revenue of approximately RMB57,866,000, and profit of approximately RMB6,580,000 to the Group.

Had the combination taken place at the beginning of the year, the revenue and the profit of the Group for the year ended 31 December 2024 would have been approximately RMB893,489,000 and RMB91,888,000.

35. RELATED PARTY TRANSACTIONS

(a) Name and relationship with a related party

The Ultimate Holding Company held approximately 43.07% (2023: 52.86%) equity interests in the Company as at 31 December 2024.

35. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Material transactions with related parties

	2024 RMB'000	2023 RMB'000
Property management service fee income		
– Subsidiaries of the Ultimate Holding Company	**8,510**	3,847
– Associates of the Ultimate Holding Company	**1,242**	8,808
– Joint ventures of the Ultimate Holding Company	**1,012**	–
Value-added service fee income (provision of onsite services at the pre-delivery stage and delivery events for property development projects)		
– Subsidiaries of the Ultimate Holding Company	**3,016**	5,286
– Associates of the Ultimate Holding Company	**–**	84
– Joint ventures of the Ultimate Holding Company	**2,449**	4
Value-added service fee income (cinema lease services)		
– Joint ventures of the Ultimate Holding Company	**1,164**	–
Property management service fee income (cinema lease services)		
– Joint ventures of the Ultimate Holding Company	**408**	–
Pre-delivery and consulting service fee income		
– Subsidiaries of the Ultimate Holding Company	**5,805**	11,940
– Associates of the Ultimate Holding Company	**–**	175
– Joint ventures of the Ultimate Holding Company	**1,390**	1,378
Property engineering services income		
– Subsidiaries of the Ultimate Holding Company	**43,495**	49,023
– Joint ventures of the Ultimate Holding Company	**–**	807
Cost of services (commercial assets entrusted operation services)		
– Subsidiaries of the Ultimate Holding Company	**23,007**	–
Cost of services (assets sales agency and operation services)		
– Subsidiaries of the Ultimate Holding Company	**623**	–
Recovery from loss on the interest income from Pledges		
– Subsidiary of the Ultimate Holding Company	**24,438**	–
Interest income on loan receivables		
– Subsidiary of the Ultimate Holding Company	**–**	2,332

35. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Material transactions with related parties (Continued)

The related party transactions listed above also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section "Continuing Connected Transactions" of the Report of Directors.

The prices for the above service fees and other transactions were determined in accordance with the terms mutually agreed by the contract parties.

(c) There are no material related party transfers during the year ended 31 December 2023 and 2024.

(d) Key management compensation

Compensation for key management other than those for directors as disclosed in Note 9 is set out below:

	2024 **RMB'000**	2023 RMB'000
Salaries, allowances and benefits in kind	**2,066**	1,503
Pension scheme contributions	**133**	116
	2,199	1,619

35. RELATED PARTY TRANSACTIONS (CONTINUED)

(e) Balances with related parties

	2024 RMB'000	2023 RMB'000
Receivables from related parties, net of impairment:		
Trade receivables		
– Subsidiaries of the Ultimate Holding Company	**84,287**	111,936
– Associates of the Ultimate Holding Company	**47,067**	16,513
– A joint venture of the Ultimate Holding Company	**6,294**	3,892
– A joint venture of the Group	**4**	4
Contract assets		
– Subsidiaries of the Ultimate Holding Company	**41,526**	28,882
– An associate of the Ultimate Holding Company	**1,739**	1,219
– Joint venture of the Ultimate Holding Company	**1,934**	1,667
Other receivables (including payments to related parties)		
– payments to related parties	**99,297**	102,324
– Receivables related to Pledges	**148,830**	197,492
– Others	**52,850**	11,248
Prepayment (non-current)		
– A subsidiary of the Ultimate Holding Company	**47,336**	74,812
Prepayments (current)		
– Subsidiaries of the Ultimate Holding Company	**12,617**	593
Payables to related parties:		
Trade payables		
– Subsidiaries of the Ultimate Holding Company	**30,066**	1,040
Other payables		
– Subsidiaries of the Ultimate Holding Company *(Note (a))*	**41,450**	19,816
– An associate of the Group	**844**	742
Contract liabilities		
– Join ventures of the Ultimate Holding Company	**54**	–

Note:

(a) The other payables to subsidiaries of the Ultimate Holding Company are unsecured, interest free, and repayable on demand.

36. FINANCIAL INSTRUMENTS BY CATEGORY

	2024 RMB'000	2023 RMB'000
Financial assets at amortised cost:		
Trade and bill receivables	**324,826**	228,614
Financial assets included in deposits, prepayments and other receivables	**322,584**	335,278
Cash and cash equivalents	**264,018**	258,957
	911,428	822,849
Financial assets at FVTOCI	**4,000**	–
Financial assets at FVTPL	**–**	10,101
	915,428	832,950
Financial liabilities at amortised cost:		
Trade payables	**144,963**	106,683
Financial liabilities included in other payables and accruals	**202,024**	168,845
Lease liabilities	**47,050**	11,224
	394,037	286,752

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Except for the below, the management has assessed that the fair values of time deposits, cash and cash equivalents, trade and bills receivables, contract assets, financial assets included in deposits and other receivables, trade payables and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

The following table presents the carrying value of the Group's financial instruments measured at fair value across the three levels of the fair value hierarchy defined in IFRS 13 "Fair Value Measurement" with fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement.

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable inputs

	Level 1 RMB'000	**Level 2** RMB'000	**Level 3** RMB'000	**Total** RMB'000
As at 31 December 2024				
Financial assets at FVTOCI				
– unlisted equity investment *(Note 19)*	**–**	**–**	**4,000**	**4,000**
As at 31 December 2023				
Financial assets at FVTPL				
– unlisted fund-linked note and other unlisted investments *(Note 24)*	–	–	10,101	10,101

During the year, there were no transfers between Level 1 and Level 2, or transfers into or out of Level (2023: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The fair values of unlisted fund-linked note and other unlisted investments were determined by using adjusted net assets value approach. Under adjusted net assets value approach, total value of the fund was based on the sum of the value of underlying investment.

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The unlisted equity investment, which was designated as financial asset at FVTOCI, was acquired during the year and its carrying amount of the unlisted equity investment is immaterial to the Group as a whole as at 31 December 2024. The measurement of the fair value of the financial asset at FVTOCI may involve estimation using a market-based valuation approach based on assumptions that are not supported by observable market prices or rates. In the opinion of the directors, after assessing the financial performance of the unlisted equity investment, the disclosure and determination of the fair value of unlisted equity investment at the end of the reporting period is not performed, otherwise this would result in particulars of excessive time and resources utilised, whereas provide minimal useful information and benefit to the users of the consolidated financial statements.

The movements during the years in the balance of level 3 fair value measurement is as follows:

	Unlisted equity investment RMB'000	**Unlisted fund-linked note** RMB'000	**Other unlisted investments** RMB'000	**Total** RMB'000
At 1 January 2023	–	30,992	–	30,992
Purchase of other unlisted investments	–	–	10,000	10,000
Fair value loss – included in profit or loss	–	(30,992)	101	(30,891)
At 31 December 2023 and 1 January 2024	**–**	**–**	**10,101**	**10,101**
Redemption of other unlisted investments	**–**	**–**	**(10,101)**	**(10,101)**
Purchase of unlisted equity investment	**4,000**	**–**	**–**	**4,000**
31 December 2024	**4,000**	**–**	**–**	**4,000**

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise time deposits and cash and cash equivalents. The main purpose of these financial instruments are to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, financial assets included in prepayments and other receivables, trade payables and financial liabilities included in other payables and accruals, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The board of directors review and agree policies for managing each of these risks and they are summarised below.

(a) Credit risk

The credit risk of the Group mainly arises from cash and cash equivalents, trade receivables, contract assets, deposits and other receivables and payments to/amounts due from related parties. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations at the end of each reporting period in relation to each class of recognised financial assets is the carrying amount of those assets stated in the consolidated statement of financial position. The management has a credit policy in place and the exposures to these credit risks are monitored and controlled on an ongoing basis, considering available reasonable and supportive forward-looking information.

The Group has three types of assets that are subject to the ECL model:

– Trade receivables;

– Contract assets; and

– Other financial assets at amortised cost.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (Continued)

(i) Trade receivables and contract assets

As part of the Group's credit risk management, the Group applies internal credit rating for its customers by reference to past default experience and current past due exposure of the debtor, and an analysis of the debtor's current financial position. The Group applies simplified approach to measure the ECL which uses a lifetime expected loss allowance for all trade receivables and contract assets. The Group performs impairment assessment under ECL model on trade receivables and contract assets individually or based on provision matrix.

Except for related parties and customers with significant balances or credit-impaired, which are assessed for impairment individually, the remaining trade receivables and contract assets, representing larger number of small customers are grouped under a provision matrix based on shared credit risk characteristics by reference to the repayment history over past three years and the corresponding historical credit losses experienced within the period. The grouping is regularly reviewed by the management of the Group to ensure relevant information about specific debtors is updated. The historical loss rates were adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group had considered that the PRC's gross domestic growth and unemployment rate are to be the most relevant factor, and accordingly, adjusted the historical loss rates based on expected changes of this factor.

Related parties and individual customers with significant balances are assessed individually for the credit risk and risk of default. The Group has used the financial information of counterparties to assess whether credit risk has been increased significantly since initial recognition. The ECLs are estimated based on assumptions about risk of defaults and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment assessment, based on the Group's past history, existing market conditions as well as forward looking information at the end of each reporting period. In assessing forward-looking information, the Group considered macroeconomic factors, industry risks and changes in debtor's conditions.

The Group rebutted the presumption of default under ECL model for trade receivables over 90 days past due based on the good repayment records for those customers with continuous partial settlement.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (Continued)

(i) Trade receivables and contract assets (Continued)

The loss allowance provision for the trade receivables was determined as follows:

	Third parties						Related parties	
	Less than 1 year RMB'000	1 to 2 years RMB'000	2 to 3 years RMB'000	3 to 4 years RMB'000	4 to 5 years RMB'000	Over 5 years RMB'000	Less than 1 year RMB'000	Total RMB'000
At 31 December 2024								
ECL rate	**10.52%**	**21.54%**	**42.52%**	**82.87%**	**100%**	**100%**	**41.67%**	
Gross carrying amount	**123,788**	**64,187**	**35,956**	**22,304**	**11,021**	**10,534**	**235,973**	**503,763**
ECL	**13,025**	**13,823**	**15,289**	**18,484**	**11,021**	**10,534**	**98,321**	**180,497**
At 31 December 2023								
ECL rate	12.19%	36.57%	52.60%	67.62%	100%	100%	50.10%	
Gross carrying amount	68,164	12,065	41,574	20,994	9,307	9,239	265,222	426,565
ECL	8,312	4,412	21,869	14,196	9,307	9,239	132,877	200,212

The directors of the Company considered the ECL for bills receivable as at 31 December 2024 are immaterial in view of no history of default and good repayment history of these customers (2023: Same).

Contract assets have substantially the same risk characteristics as the trade receivables. The Group has therefore concluded that the ECL rates and forward-looking information for trade receivables are a reasonable approximation of the loss rates for the contract assets, and the forward-looking information determined in above was also incorporated to estimate the loss allowance of contract assets.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (Continued)

(i) Trade receivables and contract assets (Continued)

The loss allowance provision for the contract assets was determined as follows:

	ECL rate RMB'000	Gross carrying amount RMB'000	ECL RMB'000
2024			
Third parties	**54.51%**	**28,911**	**(15,759)**
Related parties	**38.57%**	**73,583**	**(28,384)**
		102,494	**(44,143)**
2023			
Third parties	36.30%	23,166	(8,409)
Related parties	50.48%	64,156	(32,388)
		87,322	(40,797)

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a long period.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously impaired are credited against the same line item.

The movement of allowance for impairment of trade receivables and contract assets are separately disclosed in Notes 21 and 22 to these consolidated financial statements.

Except for the balances with the related party group, concentrations of credit risk are managed by analysis by customer/counterparty. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables and contract assets are widely dispersed.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (Continued)

(ii) Other financial assets at amortised cost

For the deposits and other receivables other than balances with related parties, they are closely monitored for recoverability and collectability and the Group maintains close communications with the counterparties. The Group uses the past-due and forward-looking information of counterparties to assess whether credit risk has increased significantly since initial recognition. As at the reporting date, the balances are not past due, and based on historical experience, majority of these balances were settled shortly upon maturity, hence the associated credit risk is minimal. The management considered that the identified impairment loss under ECL model was immaterial.

Related parties are assessed individually for the credit risk and risk of default. The Group has used the financial information of counterparties to assess whether credit risk has been increased significantly since initial recognition. The ECLs are estimated based on assumptions about risk of defaults and ECL rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment assessment, based on the Group's past history, existing market conditions as well as forward looking information at the end of each reporting period. In assessing forward-looking information, the Group considered macroeconomic factors, industry risks and changes in debtor's conditions.

The Group expects that there is no significant credit risk associated with cash and cash equivalents, since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. The management does not expect that there will be any significant losses from non-performance by these counterparties.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (Continued)

(ii) Other financial assets at amortised cost (Continued)

The Group estimated ECL by applying a loss rate approach with reference to the historical loss record of Group. The loss rate is adjusted to reflect to the current conditions and forecasts of future economic conditions, as appropriate. Set out below is the information about the credit risk exposure on the Group's deposits and other receivables/payments to related parties:

	Third parties RMB'000	Related parties RMB'000	Total RMB'000
At 31 December 2024			
ECL rate	**42.78%**	**47.15%**	
Gross carrying amount	**37,761**	**569,451**	**607,212**
ECL	**16,154**	**268,474**	**284,628**
At 31 December 2023			
ECL rate	20.78%	49.96%	
Gross carrying amount	30,567	621,622	652,189
ECL	6,353	310,558	316,911

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (Continued)

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

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets
Performing	The counterparty has a low to moderate risk of default and does not have any past-due amounts	Lifetime ECL – not-credit impaired	12m ECL
Underperforming	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not-credit impaired	Lifetime ECL – not-credit impaired
Non-performing	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit impaired	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (Continued)

(iv) The tables below detail the credit risk exposures of the Group's financial assets which are subject to ECL assessment:

	Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amount 2024 RMB'000	Gross carrying amount 2023 RMB'000
Financial assets at amortised cost:					
Trade receivables	*21*	Performing	Lifetime ECL (not credit-impaired)	**493,229**	417,326
		Non-performing	Lifetime ECL (credit-impaired)	**10,534**	9,239
Deposits and other receivables, excluding prepayments and goods and services tax receivables	*23*	Performing	12m ECL	**406,612**	445,543
		Non-performing	Lifetime ECL (not credit-impaired)	**200,600**	206,646
Cash and cash equivalents	*25*	N/A	12m ECL	**264,018**	258,957
Other item:					
Contract assets	*22*	Non-performing	Lifetime ECL (credit-impaired)	**32,131**	15,396
		Non-performing	Lifetime ECL (not credit-impaired)	**70,363**	71,926

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligation due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding to finance its working capital needs as well as capital expenditure in respect of its development projects, and flexibility through the use of stand-by credit facilities.

The table below analyses the maturity profile of the Group's financial liabilities as at the end of the year, which is based on contractual undiscounted payments.

	2024 **RMB'000**	2023 RMB'000
Amounts were due on demand or within one year		
Trade payables	**144,963**	106,683
Financial liabilities included in other payables and accruals	**202,024**	168,845
Lease liabilities	**14,269**	3,611
	361,256	279,139

(c) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The capital structure of the Group consists of non-trade amounts due to related parties, net of cash and cash equivalents, and equity attributable to equity shareholders of the Company, comprising share capital, reserves and retained earnings.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for capital management during the year ended 31 December 2024.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Foreign currency risk

The Group has no significant foreign currency risk as the operations and customers of the Group are located in the PRC with most of the operating assets and transactions denominated and settled in RMB. The sole foreign currency exposure of the Group arises from its investments in unlisted fund-linked note denominated in USD, and there was no foreign currency risk occurred from unlisted fund-linked note as it was redeemed during the year (Note 24). The management considers that the currency risk exposed to USD is minimal.

(e) Fair value risk

The Group is not exposed to fair value risk through its investments in unlisted investment and unlisted fund-linked note measured at FVTPL as at 31 December 2024, as both were redeemed during the year while their fair value exposure is considered minimal as at 31 December 2024.

The unlisted equity investment, which was designated as financial asset at FVTOCI, was acquired during the year and the carrying amount of the unlisted equity investment is immaterial to the Group as a whole as at 31 December 2024 and consequently, the related fair value risk exposed to the Group is considered insignificant. For the consideration of not performing its fair value measurement as at 31 December 2024 by the directors of the Company, the details are set out in Note 37.

39. EVENTS AFTER THE REPORTING PERIOD

There are no material subsequent events undertaken by the Company or by the Group after 31 December 2024 and up to the date of this annual report.

40. CASH FLOWS INFORMATION

(a) Major non-cash transaction

During the year ended 31 December 2024, the Group had certain material non-cash transactions, relating to the partial settlement of the other receivables related to the Pledges under the arbitral award issued by the Hong Kong International Arbitration Centre on 31 October 2023. The partial settlement was made through the transfer of the Ultimate Holding Company's certain non-cash assets comprising (i) the investment properties of leased clubhouses amounted to approximately RMB43,881,000 for the exclusive rights to operate and receive rental income derived from the six clubhouses of six residential projects in Zhengzhou City of Henan Province on 30 November 2023 (note 18(b)); and (ii) 100% equity interest in Beijing Xinyuan Hongsheng Group at a consideration of approximately RMB86,439,000 (note 34).

During the year ended 31 December 2023, the Group acquired inventories of approximately RMB54,272,000 (note 20) from the Ultimate Holding Company under an offsetting debt agreement dated 31 October 2023.

40. CASH FLOWS INFORMATION (CONTINUED)

(b) Reconciliation of liabilities from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities:

	Lease liabilities *(Note 15(b))* RMB'000	**Total** RMB'000
At 1 January 2023	3,983	3,983
Changes from financing cash flows:		
Payment of principal portion of lease liabilities	(3,119)	(3,119)
Other changes:		
Interest on lease liabilities	258	258
New lease contract entered	10,102	10,102
Total other changes	10,360	10,360
At 31 December 2023 and 1 January 2024	**11,224**	**11,224**
Changes from financing cash flows:		
Payment of principal portion of lease liabilities	**(965)**	**(965)**
Other changes:		
Interest on lease liabilities	**1,041**	**1,041**
New lease contract entered	**35,750**	**35,750**
Total other changes	**36,791**	**36,791**
At 31 December 2024	**47,050**	**47,050**

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	Notes	**2024 RMB'000**	2023 RMB'000
NON-CURRENT ASSETS			
Investments in subsidiaries	*(a)*	**6,880**	6,880
Amounts due from subsidiaries		**338,658**	410,039
Total non-current assets		**345,538**	416,919
CURRENT ASSET			
Cash and cash equivalents		**37,252**	9,035
Total current asset		**37,252**	9,035
CURRENT LIABILITY			
Amounts due to subsidiaries		**52,499**	35,784
Total current liability		**52,499**	35,784
NET CURRENT LIABILITIES		**(15,247)**	(26,749)
TOTAL ASSETS LESS CURRENT LIABILITIES AND NET ASSETS		**330,291**	390,170
EQUITY			
Share capital	*30*	**5**	5
Reserves	*(b)*	**330,286**	390,165
Total equity		**330,291**	390,170

The financial statements were approved by the board of directors on 31 March 2025 and were signed on its behalf:

SHEN Yuan-Ching
Director

Wang Yong
Director

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

(a) Investments in subsidiaries

As at 31 December 2024, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Name	Place and date of incorporation/ place of operation	Registered and issued capital	Percentage of equity attributable to the Company Direct 2024	Direct 2023	Indirect 2024	Indirect 2023	Principal activities
Xinyuan Property Management Service (BVI) Ltd.	British Virgin Islands, 2 January 2019	–	**100%**	100%	**–**	–	Investment holding
Xinyuan Property Management Service (HK) Limited ("**Xinyuan HK**")	Hong Kong, 8 January 2019	HK$1	**–**	–	**100%**	100%	Investment holding
Xinyuan Science and Technology Service Group Co., Ltd. (鑫苑科技服務集團有限公司) ("**Xinyuan Science**")	The PRC, 28 December 1998	RMB50,000,000	**–**	–	**100%**	100%	Property management and related services
Beijing Xinxiang Huicheng Property Services Co., Ltd. (北京鑫享滙成物業服務有限公司)	The PRC, 18 October 2013	RMB10,000,000	**–**	–	**100%**	100%	Property decoration services
Henan Chengzhihang Property Services Co., Ltd. (河南誠至行物業服務有限公司)	The PRC, 15 December 2017	RMB5,000,000	**–**	–	**100%**	100%	Property management and related services
Henan Xinyuan Property Services Co., Ltd. (河南鑫苑物業服務有限公司)	The PRC, 1 December 2016	RMB10,000,000	**–**	–	**100%**	100%	Property management and related services
Henan Xinyuan Real Estate Marketing Co., Ltd. (河南鑫苑房地產營銷策劃有限公司)	The PRC, 30 July 2015	RMB1,000,000	**–**	–	**100%**	100%	Real estate marketing
Jiangsu Xinyuan Property Service Co., Ltd. (江蘇鑫苑物業服務有限公司)	The PRC, 30 May 2022	RMB10,000,000	**–**	–	**100%**	100%	Property management and related services
Henan Xinxiansheng Trading Co., Ltd. (河南鑫鮮生商貿有限公司)	The PRC, 20 May 2022	RMB1,000,000	**–**	–	**100%**	100%	Trading
Henan Yueshenghang Property Services Co., Ltd. (河南悅晟行物業服務有限公司)	The PRC, 15 April 2016	RMB5,000,000	**–**	–	**100%**	100%	Property management and related services

* *For identification purposes only*

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

(a) Investments in subsidiaries (Continued)

Name	Place and date of incorporation/ place of operation	Registered and issued capital	Percentage of equity attributable to the Company Direct 2024	Direct 2023	Indirect 2024	Indirect 2023	Principal activities
Puyang Zhongfang Xinyuan Property Services Co., Ltd. (濮陽中房鑫苑物業服務有限公司)	The PRC, 29 November 2017	RMB5,000,000	–	–	65%	65%	Property management and related services
Yancheng Xinyuan Huafang Property Management Co., Ltd. (鹽城鑫苑華芳物業服務有限公司)	The PRC, 12 June 2017	RMB2,680,000	–	–	100%	100%	Property management and related services
Henan Gechen Culture Media Co., Ltd. (河南格宸文化傳媒有限公司)	The PRC, 14 March 2019	RMB10,000,000	–	–	100%	100%	Event planning and execution
Xingyang Xinzhisheng Property Services Co., Ltd. (滎陽市鑫之晟物業服務有限公司)	The PRC, 9 April 2019	RMB10,000,000	–	–	–	100%	Property management and related services (Deregistered on 5 September 2024)
Henan Yingsheng M&E Engineering Co., Ltd. (河南省盈晟機電工程有限公司)	The PRC, 10 April 2019	RMB20,000,000	–	–	51%	51%	Intelligence engineering
Neihuang Shirui Property Management Co., Ltd. (內黃縣實瑞物業服務有限公司)	The PRC, 19 September 2014	RMB500,000	–	–	100%	100%	Property management and related services
Zhengzhou Xunjian Intelligent Engineering Co., Ltd. (鄭州市迅簡智能化工程有限公司)	The PRC, 18 July 2022	RMB5,000,000	–	–	100%	100%	Intelligence engineering
Jiangsu Shengyuan Intelligent Engineering Co., Ltd. (江蘇晟遠智能化工程有限公司)	The PRC, 5 July 2022	RMB10,000,000	–	–	100%	100%	Intelligence engineering
Henan Xinjiasheng Elevator Engineering Co., Ltd. (河南鑫嘉晟電梯工程有限公司)	The PRC, 22 October 2019	RMB10,000,000	–	–	100%	100%	Elevator installation, repair and maintenance services
Huaian Kangyang Property Services Co., Ltd. (淮安康陽物業服務有限公司)	The PRC, 4 December 2013	RMB200,000	–	–	70%	70%	Property management and related services
Henan Jingya Landscape Engineering Company Co., Ltd. (河南璟雅園林工程有限公司)	The PRC, 14 March 2019	RMB10,000,000	–	–	100%	100%	Landscape engineering and related services

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

(a) Investments in subsidiaries (Continued)

Name	Place and date of incorporation/ place of operation	Registered and issued capital	Percentage of equity attributable to the Company Direct 2024	2023	Indirect 2024	2023	Principal activities
Henan Xinzhixiang Electronic Technology Co., Ltd. (河南鑫智享電子科技有限公司)	The PRC, 20 May 2019	RMB5,000,000	–	–	100%	100%	Network technical service
Hefei Xinyuan Property Services Co., Ltd. (合肥鑫苑物業服務有限公司)	The PRC, 1 June 2019	RMB1,000,000	–	–	100%	100%	Property management and related services
Henan Xinyi Better Life Co., Ltd. (河南鑫怡美好生活服務有限公司)	The PRC, 8 August 2020	RMB5,000,000	–	–	100%	100%	Housekeeping services
Henan Shengjia Apartment Management Co., Ltd. (河南晟家公寓管理有限公司)	The PRC, 25 August 2020	RMB10,000,000	–	–	100%	100%	Property management and related services
Guangzhou Yuesheng Lianxing Business Service Co. Ltd. (廣州悅晟聯行商務服務有限公司)	The PRC, 10 September 2020	RMB10,000,000	–	–	100%	100%	Business services
Jinan Shengyuan Intelligent Engineering Co., Ltd. (濟南晟遠智能化工程有限公司)	The PRC, 1 August 2023	RMB5,000,000	–	–	100%	100%	Intelligent engineering
Zhengzhou Xinzhimeng Property Service Co., Ltd. (鄭州市鑫之夢物業服務有限公司)	The PRC, 8 July 2023	RMB5,000,000	–	–	100%	100%	Property management and related services
Chongqing Heavy Truck Group Hongqi Property Co. Ltd. (重慶重型汽車集團鴻企物業有限責任公司)	The PRC, 16 October 2008	RMB5,350,000	–	–	100%	100%	Property management and related services
Beijing Jue Real Estate Agency Co., Ltd. (北京聚合房地產經紀有限公司)	The PRC, 2 August 2017	RMB10,000,000	–	–	70%	70%	Real Estate Agency
Henan Rongyao Catering Service Co. Ltd (河南融肴餐飲服務有限公司)	The PRC, 23 September 2021	RMB1,000,000	–	–	51%	51%	Dormant

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

(a) Investments in subsidiaries (Continued)

Name	Place and date of incorporation/ place of operation	Registered and issued capital	Percentage of equity attributable to the Company Direct 2024	2023	Indirect 2024	2023	Principal activities
Zhengzhou Shengxin Landscaping Construction Co. Ltd. (鄭州晟欣園林綠化工程有限公司)	The PRC, 10 November 2021	RMB10,000,000	–	–	51%	51%	Dormant
Lu'an Xinyuan Property Service Co., Ltd. (六安鑫苑物業服務有限公司)	The PRC, 19 October 2022	RMB3,000,000	–	–	–	100%	Property management and related services (Deregistered on 22 August 2024)
Xinda Property Management (Beijing) Technology Co., Ltd. 鑫達物管（北京）科技有限公司	The PRC, 20 January 2023	RMB50,000,000	–	–	100%	100%	Property management and related services
Henan Beimateng Trading Co., Ltd. 河南貝馬騰商貿有限公司	The PRC, 10 November 2023	RMB5,000,000	–	–	100%	100%	Trade services

* Newly set up subsidiaries during the year.

The English names of all subsidiaries established in the PRC are translated for identification purposes only.

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

(b) Reserves

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Other reserve RMB'000	Accumulated loss RMB'000	Total RMB'000
At 1 January 2023	628,803	–	(229,045)	399,758
Loss and total comprehensive loss for the year	–	–	(9,593)	(9,593)
At 31 December 2023 and 1 January 2024	**628,803**	**–**	**(238,638)**	**390,165**
Loss and total comprehensive loss for the year	**–**	**–**	**(18,193)**	**(18,193)**
Issue of new shares for share award scheme *(Note 32)*	**–**	**7,848**	**–**	**7,848**
Vesting of awarded shares *(Note 32)*	**7,848**	**(7,848)**	**–**	**–**
Dividends *(Note 12)*	**–**	**–**	**(49,534)**	**(49,534)**
At 31 December 2024	**636,651**	**–**	**(306,365)**	**330,286**

42. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the board of directors on 31 March 2025.

FINANCIAL SUMMARY

Below are the Group's financial information extracted from the Company's published consolidated financial statements:

GROUP OPERATING RESULT

	Year ended 31 December				
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
REVENUE	**868,874**	749,606	686,498	770,176	653,702
Gross profit	**244,986**	241,274	229,320	266,157	257,672
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**87,041**	28,126	(334,265)	122,570	131,152

GROUP ASSETS, LIABILITIES AND EQUITY

	As at 31 December				
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Non-current assets	**240,884**	130,014	130,481	350,983	116,234
Current assets	**1,039,832**	945,419	901,222	1,141,792	1,134,473
Total assets	**1,280,716**	1,075,433	1,031,703	1,492,775	1,250,707
Current liabilities	**652,350**	520,750	508,728	567,085	442,563
Net current assets	**387,482**	424,669	392,494	574,707	691,910
Total assets less current liabilities	**628,366**	554,683	522,975	925,690	808,144
Non-current liabilities	**39,686**	12,957	9,662	10,798	10,257
Net assets	**588,680**	541,726	513,313	914,892	797,887
Capital and reserves					
Share capital	**5**	5	5	5	5
Reserves	**583,982**	538,627	510,501	911,533	796,028
	583,987	538,632	510,506	911,538	796,033
Non-controlling interests	**4,693**	3,094	2,807	3,354	1,854
Total equity	**588,680**	541,726	513,313	914,892	797,887