Excellence

# 卓越商企服務集團有限公司
# EXCELLENCE COMMERCIAL PROPERTY & FACILITIES MANAGEMENT GROUP LIMITED

(Incorporated in the Cayman Islands with Limited Liability)

Stock Code: 6989

# 2024 ANNUAL REPORT

# CONTENTS

# Corporate Information

## DIRECTORS

### Executive Directors

Mr. Li Xiaoping *(Chairman)*
Mr. Yang Zhidong

### Non-executive Directors

Ms. Guo Ying
Mr. Wang Yinhu

### Independent non-executive Directors

Professor Cui Haitao
*(appointed with effect from 22 March 2024)*
Mr. Kam Chi Sing
Ms. Liu Xiaolan
Mr. Huang Mingxiang
*(resigned with effect from 22 March 2024)*

## JOINT COMPANY SECRETARIES

Mr. Jia Jie
Mr. Cheung Kai Cheong Willie

## AUDIT COMMITTEE

Mr. Kam Chi Sing *(Chairman)*
Ms. Guo Ying
Professor Cui Haitao
*(appointed with effect from 22 March 2024)*
Ms. Liu Xiaolan

## REMUNERATION COMMITTEE

Professor Cui Haitao *(Chairman)*
*(appointed with effect from 22 March 2024)*
Mr. Li Xiaoping
Mr. Kam Chi Sing
Ms. Liu Xiaolan
Mr. Huang Mingxiang
*(resigned with effect from 22 March 2024)*

## NOMINATION COMMITTEE

Mr. Li Xiaoping *(Chairman)*
Professor Cui Haitao
*(appointed with effect from 22 March 2024)*
Mr. Kam Chi Sing
Ms. Liu Xiaolan
Mr. Huang Mingxiang
*(resigned with effect from 22 March 2024)*

## STRATEGY AND ESG COMMITTEE

Mr. Li Xiaoping *(Chairman)*
Ms. Guo Ying
Mr. Wang Yinhu
Ms. Liu Xiaolan

## AUTHORIZED REPRESENTATIVES

Mr. Li Xiaoping
Mr. Cheung Kai Cheong Willie

## LEGAL ADVISORS

*As to Hong Kong law:*
Dentons Hong Kong LLP
Suite 3201, 32/F, Jardine House
No. 1 Connaught Place
Central
Hong Kong

*As to PRC law:*
Guangdong Putiange Law Firm
Room 5805A, Tower A
Riverfront Times Square
9289 Binhe Road
Futian District, Shenzhen
Guangdong Province
PRC

Beijing Dentons Law Offices, LLP (Shenzhen)
3, 4, 12/F, Building A
International Innovation Center
1006 Shennan Road
Futian District, Shenzhen
Guangdong Province
PRC

# Corporate Information

## AUDITORS

KPMG
*Certified Public Accountants and Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance*
8th Floor, Prince's Building
10 Chater Road
Central
Hong Kong

## PRINCIPAL BANKS

**Industrial and Commercial Bank of China Limited, Shenzhen Xihaian Branch**
1st Floor, Ocean Heart Building Intersection
of Houhai Road and Chuangye Road
Nanshan District, Shenzhen
Guangdong Province
PRC

**Agricultural Bank of China Limited, Shenzhen Information Hub Center**
Branch 3rd Floor, Qun Block Information Hub Building
48 Yitian Road
Futian District, Shenzhen
Guangdong Province
PRC

**China Merchants Bank, Shenzhen Excellence Times Square Branch**
1st Floor, Excellence Times Square
4068 Yitian Road
Futian District, Shenzhen
Guangdong Province
PRC

## REGISTERED OFFICE

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

## HEADQUARTERS AND REGISTERED OFFICE IN THE PRC

38Ath Floor, Tower 4
Excellence Century Center
Fuhua Third Road
Futian District, Shenzhen
Guangdong Province
PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre
248 Queen's Road East
Wanchai
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

## HONG KONG SHARE REGISTRAR

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

## STOCK CODE

6989

## WEBSITE

http://www.excepm.com

## INVESTOR RELATIONS:

Email: ir@exceam.com

# Chairman's Statement

Dear shareholders:

As everyone may see, the commercial property services industry has been undergoing a profound structural adjustment in recent years. The changing industry landscape has led to intensifying competition and differentiation of the non-residential sector, and a "zero-sum game" has become the core characteristics of industry development. Under this background, profit pressure has become an industry consensus, which in turn forces property service enterprises to commence iteration and upgrading, driving in-depth reshuffling and integration of the industry. During this critical period, how to gain insights amid crisis, capture opportunities, drive development with innovation, and facilitate enhancement and even competitiveness restructuring has become an important issue for the long-term development of the Company.

In an increasingly competitive market environment, Excellence CM is anchored on two key priorities, namely, operational quality improvement and cash flow recovery. Over the years, Excellence CM has achieved year-on-year revenue growth and experienced an operating inflection point in 2024 with a bottoming out of profits.

As a leading commercial property services operator in China, Excellence CM achieved 8% year-on-year growth in revenue and 3% year-on-year growth in net profit attributable to parent company in 2024, with resilient growth in revenue from third-party basic property services and continued optimisation of value-added services structure. These results have demonstrated the effectiveness of the Company's strategic and operational initiatives and laid a solid foundation for the Company's long-term development.

In the future, the Company will continue to take operational quality enhancement as its strategic focus. At the same time, the Company is also aware of the potential liquidity pressure brought about by amounts due from related parties, which should not be overlooked. In the face of the common challenges in amounts due from related parties in the industry, the Company is determined to promote positive cash flow in contrast to the mere provision of impairment. By resolving the stock of receivables through the use of assets to offset debts, the Company has strengthened the control mechanism at the same time and strictly curbed the increase of new receivables, with a view to realising the key objective of the turnaround of operating cash flow.

Despite the long-term pressure on industry profits, the Company is supported by solid operating fundamentals and deepening core competencies. At the same time, the Company is of the view that there are still structural opportunities in the sub-segments and is actively building new drivers for profit growth. For example, the Company continues to explore the potential of third-party owner value-added services, and will take Shanghai Wujiaochang Mall as a pilot to tap into the commercial operation and management business.

At the same time, the Company has always adhered to the important philosophy of building the foundation of science and technology, and clearly recognised that ai technology is rapidly changing from an "optional" to a "mandatory" option for industry development. Under this circumstance, the Company has taken the initiative to pursue reforms, promote the transformation from "digital" to "digital intelligence", focus on the deployment of ai in various service application scenarios, and drive the upgrade of service models, aiming to achieve higher satisfaction, stronger customer adhesion, and greater competitiveness.

Excellence CM has always upheld the core philosophy of "creating value for shareholders". The Company firmly believes that its long-term value will be demonstrated through the multiple drives of stabilising operating fundamentals, turning cash flow positive, promoting the incubation of innovative businesses, and leveraging on technology for cost reduction and efficiency enhancement. On this basis, success will come in the construction of a sustainable return system for shareholders and provision of stable and generous dividends as practical rewards.

The current harsh environment is a refinery for the Company to polish service quality and forge competitiveness. As a leading commercial property services operator in China, we will step up efforts to sharpen resilience amid the wave of reforms, reshape the industry benchmark in the journey of breakthroughs, and live up to the trust of shareholders and the expectations of the industry.

**Li Xiaoping**
*Chairman*

Hong Kong, 26 March 2025

# Management Discussion and Analysis

## REVIEW OF ANNUAL RESULTS

## I. BUSINESS OVERVIEW

### ANALYSIS OF THE PRINCIPAL ACTIVITIES

### (I) Principal Activities of the Group during the Reporting Period

The Group is a leading commercial real estate service operator in the PRC, which focuses on providing customers with maintenance services covering the full lifecycle of assets and full-chain solutions to meet customers' comprehensive value expectations and assist enterprises in achieving business visions.

In 2024, faced with the challenges of the downturn in the macro economy, the Group continued to implement its long-term development strategy, making flexible adjustments to adapt to market fluctuations, enhancing its business autonomy and reducing its reliance on related businesses. The Company adheres to the business philosophy of steady development, adopts a customer-oriented approach, continues to optimise business structure, deepens digital transformation, focuses on value creation, and strengthens its independent, healthy and sustainable development capabilities. As a leading commercial real estate service operator in the PRC, the Group focuses on providing customers with maintenance services covering the full lifecycle of assets and full-chain solutions to meet customers' comprehensive value expectations and assist enterprises in achieving business visions.

The Group's main businesses included basic property management services, value-added services and other relevant businesses.

*1. Basic Property Management Services*

The Group's basic property management services are provided to various types of businesses, including commercial properties, public and industrial properties and residential properties.

*(1) Commercial Property Management Services*

With its management experience accumulated over two decades, the Group has focused on the development of commercial properties as its main business activities, and has formed a complete commercial property service model.

- Property management ("**PM**") Services for Commercial Offices

  The Group serves a large number of Central Business District ("**CBD**") landmark office buildings and high-tech enterprises to gain the brand advantages from the high-end commercial projects in the PM business segment and build the capability strength by integrating asset services and corporate services.

  The scope of services covers businesses such as preliminary consultation, marketing management, space management, asset leasing and sales agency, smart platform construction, facility maintenance and property comprehensive services.

Signature projects: Shenzhen Excellence Century Centre, Shenzhen One Excellence, Excellence City of Shenzhen (深圳卓越城), Qingdao Excellence Century Centre, Excellent Broadway of Shenzhen (深圳卓越大百滙)

- Facility Management ("**FM**") Comprehensive Facility Management Services

  The customers the Group serves are mainly Fortune 500 companies and high-tech enterprises. We are dedicated to providing customers with full lifecycle asset maintenance and full-chain comprehensive service solutions, constructing a sound and systematic back-office support system, and forming a matrix of quality customers mainly in the Internet, high-tech, finance, modern service and manufacturing industries.

  We provide a customised model of comprehensive facility management for enterprises and establish strategic long-term planning. The Group applies internet of things ("**IoT**"), big data, artificial intelligence ("**AI**") and other advanced technologies to build digital clients. Leveraging on digital operation management technology, we have constructed full lifecycle solutions covering operation and maintenance management, project management, space management, energy consumption management, environmental management, security management and integrated services to enhance project management efficiency, thereby creating maximum value for corporate customers.

  Signature projects: Sky City of DJI, OPPO Binhaiwan Headquarters, Huawei Suzhou Research Institute

(2) *Public and Industrial Property Services*

The Group has established a unified market-oriented organisational structure and adopted a multi-channel strategy to continue to leverage on its regional advantages to expand rail transportation customers in the government infrastructure sector, while paying attention to the trend of marketisation of education and healthcare, and continuing to develop new tracks in pursuit of joint development through multiple business momentum.

We provide a full range of operational services in the public sector. In addition to basic property services, we also offer special services for different public projects. We continue to enhance our business capabilities in the areas of government and public property services through professionalism, internationalisation, innovation and technology.

Signature projects: Shentie Property Tanglang City and Langlu Homeland (深鐵物業塘朗城及朗麓家園), Guangzhou Metro Line 1 and Guangfo Line

(3) *Residential Property Services*

Relying on over two decades of real estate development experience, Excellence Group has developed a model of high-end residential property services in many cities across China, including pre-intervention and takeover acceptance, decoration management, customer management, environmental management, equipment and facilities maintenance, fire management and other systematic services. The Group spearheaded to introduce international service standards and launched "Five-heart" excellent butler (五心「悦」管家) services and "4INS Good Life" (4INS美好生活) services to reshape the physical space, cultural space and digital space of the community regarding the customers' satisfaction as the origin and centre. We provide individuals and families with safe, convenient, comfortable and joyful living experience.

Signature projects: Shenzhen Cote d'Azur (深圳蔚藍海岸), Shenzhen Excellence Victoria Harbour (深圳卓越維港), Shenzhen Dongguan Qingxi Yuncui (東莞晴熙雲翠), Shenzhen Queen's Road (深圳皇后道)

## 2. *Value-added Services*

The Group has continued to provide customers with personalised, customised, digitalised and innovative value-added services, explored the multidimensional needs of customers, and realised the change from a single service to diversified services, with development focuses on assets services, Zhuopin Business, construction and mechanical and electrical services, and other types of professional value-added services.

(1) *Asset Services*

The Group provides preliminary property consulting services, and offers reasonable suggestions on pre-intervention in project planning and design, construction management and acceptance handover so as to save construction costs, meet customer expectations regarding the use of functions, improve post-property operation efficiency, and avoid operational risks.

In addition, we provide customers with professional leasing and second-hand housing asset management services, and offer whole-process leasing value-added services to ensure maximised property occupancy rates and asset investment returns.

(2) *Zhuopin Business Services*

"Zhuopin Business", a high-end service brand of the Group, integrates "Internet+", "self-built supply chain" and "concierge high-end services" capabilities to provide one-stop business office supporting services for high-tech and Fortune 500 companies with the B to B for C model, mainly including high-end business services, corporate value-added services, supply chain agency services, enterprise digital empowerment and other various solutions.

(3) *Construction and Mechanical and Electrical Services*

The Group has integrated the comprehensive "hardware + software + platform + service" solution for its mechanical and electrical business, and achieved systematic development across multiple sectors, thus defining a large mechanical and electrical ecosystem and driving performance growth by capturing technology and green development.

3. *Mergers and Acquisitions ("**M&A**")*

In line with the development strategy of the national key regions and city positioning, the Group has actively maintained a continuous focus on the M&A business in a prudent manner, integrating the government's resource advantages and fully leveraging on its strengths in the commercial property sector to jointly develop the market.

We have actively reviewed and enhanced our existing development by promoting our presence in first-tier and emerging first-tier cities and tapping into various arenas to help drive market development, thereby improving the competitive industry chain and building our competitive advantages in the industry.

The Group is currently joining hands with Huangjin Property and Beijing Global Wealth Property Management Co., Ltd. ("**Beijing Global**") to share resources and achieve win-win cooperation for sustainable development.

## (II) Performance Overview

The Group always adheres to its business development strategy of "Focus on Growth" in active response to market fluctuations and maintaining its business resilience through continuous efforts in third-party development business. In 2024, the overall results of the Group were solid and the operations were in line with expectations.

With respect to the main business development, we achieved remarkable results in the in-depth development of strategic customers due to consistently high-quality business delivery and a solid team, thereby deepening our strength in the commercial property segment and the independence of the third-party business. In regard to the value-added business, we consolidated our leading position in high-end commercial enterprise services by integrating multi-industry service scenarios, building a unified service platform, and expanding in the sub-segment. At the same time, the Company has continued to explore business management and space resources, and actively constructed a second growth curve in its business development. For the core competency development, the Company integrated COE organisational resources, focused on solution building and digital business deployment, and achieved significant results in cost reduction and efficiency enhancement. We deployed internal and external digital transformations to improve business decision-making efficiency and facilitate business expansion. At the same time, we focused on cultivating key business talents, and gathered talents based on business agility, in order to support healthy and sustainable development of the business.

Of the Group's total revenue by business type during the Reporting Period, commercial properties, public and industrial properties, residential properties, value-added services and other services accounted for 55.2%, 14.0%, 16.3%, 13.5% and 1.0%, respectively.

1. *Solid Growth across All Businesses*

Focusing on the "1+1+X" strategy, the Group has developed two core advantageous regions of the Greater Bay Area and the Yangtze River Delta Region, and has focused on the development in first-tier, emerging first-tier and other high-value cities, achieving balanced development in key regions nationwide. With respect to the gross floor area ("**GFA**") under management, first-tier and emerging first-tier cities such as Beijing, Shanghai, Shenzhen, Guangzhou, Chengdu, Hangzhou and Chongqing accounted for 75.1%, and the two core economic zones of Guangdong-Hong Kong-Macao Greater Bay Area and the Yangtze River Delta accounted for 64.2%.

During the Reporting Period, the Group's contracted GFA was approximately 83.32 million sq.m., representing an increase of approximately 8.6% over the corresponding period in 2023. The GFA under management amounted to approximately 72.20 million sq.m., representing an increase of approximately 12.7% as compared with the corresponding period in 2023. Among them, GFA under management from the third-party business accounted for 61.7%.

The following table sets forth the changes in GFA under management for the years ended 31 December 2024 and 2023, respectively:

| | Year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **sq.m.'000** | sq.m.'000 |
| At the beginning of the period | **64,066** | 53,760 |
| New engagements | **15,698** | 13,154 |
| New acquisitions | **0** | 2,825 |
| Terminations | **(7,564)** | (5,673) |
| **At the end of the Period** | **72,200** | 64,066 |

2. *Rapid Growth in the Third-Party Business*

In 2024, the Group continued to leverage on its core competitiveness in the commercial property sector, and deepened the effectiveness of its commercial property business sector. In addition, we continued our efforts in third-party development business to maintain resilient business growth. The Group has implemented a strategy of in-depth expansion of strategic customers, continued to enhance its efficient operation and management capabilities, and constantly expanded and deepened its high-tech and Internet customer base; gradually expanded its sub-segment industries vertically to include new energy, high-end manufacturing, computing power/data centres, biomedicine and other emerging areas, which have demonstrated excellent development momentum, laying a solid foundation for our market development in sub-segments.

For the Reporting Period, we entered into a total of 128 new third-party business property contracts, with a total contract value of RMB1,882.35 million and an annualised contract value of RMB705.08 million.

For the Reporting Period, the revenue from commercial property services accounted for 64.6% of the revenue from basic property services, and the basic property service income from third parties business accounted for 61.4% of the revenue of basic property services.

In public and industrial properties, the Group developed a number of new government public construction projects in 2024 to strengthen the business foundation in the rail transportation sector. During the Reporting Period, revenue from public and industrial properties increased by 23.9% as compared to the same period in 2023.

In residential properties, we mainly provide a number of urban high-end development projects under the Excellence Group with services. During the Reporting Period, revenue from residential properties increased by 20.4% as compared to the same period in 2023.

| | For the year ended 31 December 2024 | | | | For the year ended 31 December 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | GFA under management | | Revenue | | GFA under management | | Revenue | |
| | (sq.m.'000) | (%) | (RMB'000) | (%) | (sq.m.'000) | (%) | (RMB'000) | (%) |
| Commercial properties | 28,865 | 40.0 | 2,338,935 | 64.6 | 25,623 | 40 | 2,172,046 | 67.4 |
| – Excellence Group | 3,050 | 4.2 | 732,684 | 20.2 | 2,914 | 4.5 | 764,516 | 23.7 |
| – Third-party property developers | 25,815 | 35.8 | 1,606,251 | 44.4 | 22,709 | 35.5 | 1,407,530 | 43.7 |
| Public and industrial properties | 15,536 | 21.5 | 591,728 | 16.4 | 13,624 | 21.3 | 477,422 | 14.8 |
| Residential properties | 27,799 | 38.5 | 688,753 | 19.0 | 24,819 | 38.7 | 571,892 | 17.8 |
| **Total** | 72,200 | 100.0 | 3,619,416 | 100.0 | 64,066 | 100.0 | 3,221,360 | 100.0 |

### 3. *In-depth Cultivation of Strategic Customers*

The Group adhered to the strategy of in-depth cultivation of strategic customers. Through the in-depth development mechanism of strategic customers, we achieved the business objectives of "promoting high performance, contract renewal and growth" in strategic cooperation in 2024. The contract value from new strategic customers amounted to RMB988.90 million, with 100% retention rate of strategic customers.

In 2024, the Group focused on enhancing service standards and brand value, continued to deepen its relationship with strategic partners, and developed numerous exemplary cooperation projects in areas such as high technology. At the same time, leveraging on the leading role and market influence of strategic partners, we have entered into cooperation agreements with leading enterprises in emerging industries such as new energy, high-end manufacturing and computing/data centres, gradually demonstrating the influence of strategic partners.

The Group will continue to focus on customer needs by strengthening basic operations and optimising talent protection to further enhance customer satisfaction, aiming to forge solid strategic partnerships for the vertical expansion of the business. Through market communications, we will attract more quality customers to grow the business and build a business growth engine for sustainable development.

4. *Property Owner Value-added Services Forming a Diversified Service Matrix*

In 2024, the Group actively responded to the downturn of the real estate industry, optimised business structure and promoted independent market-oriented development. The proportion of property owner value-added services in the overall value-added services increased from 46% to 62.2%, while non-property owner value-added services were proactively scaled down to 37.8%, completing the structural transformation of the business structure. Based on the high-end commercial services sector, the Group has maintained a steady growth trend in property owner value-added services.

"Zhuopin Business", a high-end commercial brand of the Group, integrated multi-industry service scenarios and created a unified value-added services platform by focusing on the diversified needs of customers, and carried out in-depth expansion through sub-segments to provide customers with a more efficient and convenient user experience, thereby creating sustainable value enhancement and consolidating our leading position in high-end commercial enterprise services.

During the Reporting Period, the annual operating revenue of property owner value-added services amounted to RMB355.38 million, representing a year-on-year growth of 13.8%, with continuous growth in enterprise services and community value-added services, as well as the addition of more than 10 types of businesses in the space resource category, actively embracing innovation.

## ANALYSIS OF THE CORE COMPETENCE

### (I) High-quality Brand Image

The Group serves various corporates from Fortune 500, including many reputed high-tech enterprises, Internet enterprises, and financial enterprises. With leading comprehensive strength and service quality ahead of the industry, the Group was named "TOP 100 Property Management Companies in China" by China Index Academy for seventeen consecutive years. With respect to IFM services and office property management, the Group was awarded"2024 China IFM Service Outstanding Enterprise (TOP2)", "2024 China Office Property Management Exceptional Companies (TOP2)"; in 2024, it was appraised by CRIC Property and China Property Management Research Institution as "TOP 11 of China Property Management Companies in Comprehensive Strength", "China Leading Enterprise in terms of Office Property Services (TOP2)", "Leading Enterprise in terms of FM Facilities Management in China (TOP2)", "Office Property Service Power in the Guangdong-Hong Kong-Macao Greater Bay Area (TOP1)"; appraised by Guangdong Property Management Industry Institute as "2023-2024 Outstanding Enterprise in the Property Management Industry in Guangdong", "2024 Property Service Comprehensive Development Strengths Enterprise in Guangdong (TOP10)" and other awards. In addition, a number of projects under the Group's management were recognised as China's property management benchmarking projects, including "Shenzhen Centre", which was recognised as "2024 Guangdong Property Service Demonstration Project", and "Shenzhen One Excellence", which was recognised as "Benchmarking Demonstration Base (Commercial Category)".

## (II) Comprehensive Service Standards

With years of successful experience in high-end commercial property services, the Group has formed a comprehensive commercial property service operation model and has successively passed a number of management system certifications, including ISO 9001 quality management system, ISO 14001 environmental management system, ISO 45001 occupational health and safety management system, and ISO 50001 energy management system. The standard operation procedures, comprehensive management system and profound management technology provide strong support and guarantee for the daily operation of projects and new projects.

The Group continues to introduce advanced service concepts and keep abreast with international standards. We have become a platinum member of the Building Owners and Managers Association International (BOMA), a member of the International Facility Management Association (IFMA) and a member of the Royal Institution of Chartered Surveyors (RICS).

## (III) Strategic Talent Cultivation and Development

While maintaining stable business operations, the Group has commenced in-depth strategic talent cultivation and reserve for the future to build up its core competitiveness in the medium to long term.

The rapid expansion of the Group's scale and the continuous growth of its performance have placed higher demands on the cultivation and reserve of talents in various aspects. For a long time, the Group has attached great importance to the talent cultivation ecosystem in order to fully support the rapid development of the business and the demand for high-quality talents for strategic operations. We regard management trainees as a source of vitality for the new generation, and continue to cultivate comprehensive management talents with the Group's characteristics in order to improve our echelon building. Through the implementation of the "Excellent Talent and Excellence Performance" Scheme and the "Navigation Leadership Scheme", we ensure that the growth of key project talents is in line with project development, enabling the mutual enhancement in personnel development, personal leadership and corporate vitality, as well as forming a strong synergy between talents and business within the enterprise to comprehensively support the rapid development of the business.

## (IV) Continuous Digital Reform and Transformation

The Group has focused on building technology-driven core strengths and unwaveringly promoted digitisation in order to enhance the efficiency of business decision-making, support business diversification and strengthen our core competitive advantages.

With respect to operations and management, the Group has adopted a "business-finance integration" management platform to achieve the overall digital management of finance and business processes. The Group has leveraged on a digital system across the entire business process for data collection, real-time analysis and generation of statistical reports, thereby providing rapid support for business analysis and decision-making, and enhancing risk control capabilities throughout the life cycle of projects.

In terms of business operation, the Company has achieved the opening up and operation of the data chain through the digital construction for the whole process of business projects, as well as the key business systems such as "quotation-contract-revenue" and "human resources system", in an attempt to enhance the efficiency of operation and management in a comprehensive manner.

In respect of customer services, the Group has facilitated the development of the "smart park" and created a unified value-added services platform to enhance customer experience, and drive decision-making and operational efficiency with data.

## OUTLOOK

### (I) Strategic Planning

Looking ahead, the Group will continue to focus on the vision of being "a leading commercial real estate service operator in China", continue to deepen the strategic direction of running on the two wheels of "strengthening main businesses + diversifying value-added services", and solidify its foundation through "team building, digital building and competence building". We will continue to explore the potential of our main businesses and extended businesses, and strive to achieve higher goals.

### (II) Business Development Strategy

The Group adheres to long-term strategic planning, upholds the management concept of steady growth, actively promotes independent market development, and continues to strengthen its ability to achieve independent, healthy and sustainable development.

In 2025, the Group will remain committed to the implementation of its external strategy of "Focus on Growth", and enhance its organisational efficiency through an internally-driven approach, aiming to form a strong synergy, continue to focus on the Group's medium- and long-term strategic development objectives, and build up a stable moat.

*1. Focus on Growth*

The Group will insist on its strategy of pursuing joint development through multiple business momentum, fully leverage on the synergies of internal and external resources, deepen its strategy of running on the two wheels of "strengthening main businesses + diversifying value-added services", and jointly promote its business development.

*1) Development of Main Businesses*

With respect to the FM sector, the Group will continue to insist on cultivating strategic customers and promote the steady expansion of its main businesses through good reputation and benchmarking. The Group will always deliver high quality services and stable operation management quality to its clients and build strong cooperative relationships. At the same time, the Group will focus on the talent cultivation needs of strategic customers and provide sufficient talent guarantee for its strategic businesses through the creation of outstanding project activation and management teams, as well as the implementation of professional and key talent reserve cultivation schemes.

Secondly, in terms of market expansion, the Group will build on its mature advantages in the high-tech Internet segment and further cooperate with other leading enterprises to complete the deployment of high-tech Internet outstanding customers. At the same time, the Group will actively respond to policy calls and industrial upgrading, gradually build up a customer base in emerging industries and high-end manufacturing industries, integrate corporate service resources, and assist customers in focusing on value creation. In addition, we will continue to iterate our channel development resources and marketing mechanism to stimulate the vitality of the market expansion team and the potential of internal and external marketing and multi-channel resource development among employees. With respect to the creation of benchmarking projects and the collation of cases, the Group will further develop solution cases in emerging industries such as high-end manufacturing and computing/data centres on the basis of its existing industry strengths, in order to fully demonstrate its professional competence and advantages, and secure the trust and recognition of our customers.

In terms of the PM sector, we will add new growth points in the East China region and enter into strategic cooperation with outstanding partners to capitalise on our combined strengths in high-end offices and commercial properties, as well as promote the development of the joint venture model for industrial investment and office platforms through efficient operation.

In respect of the residential sector, our core objective is to ensure timely delivery and enhance customer satisfaction. Based on the interests of customers, we will establish a standard operation process and a responsible team covering the whole cycle to promote the quality of project delivery and service quality, and ensure that every owner can move in and reside in the property without concerns.

2) *Development of Extended Businesses*

In terms of value-added services, we will further create market-proven star products, centre on the high-frequency needs of multi-industry customers, emphasise value-added agency operations and community retail services, integrate the B-end and C-end supply chains and channel advantages, and push forward the fission of customers to facilitate the high-quality growth of value-added services.

With respect to innovative businesses, the Group will also take the lead in exploring and piloting businesses through a dedicated working group to verify business feasibility and commercial returns, and explore growth potential.

2. *Focus on Core Competence Building on an Ongoing Basis*

The Company continues to build its competitiveness by focusing on three core competencies. We continue to improve professional capacity, promote digital transformation, actively embrace organisational changes and long-term talent cultivation in accordance with corporate development, reshape the IFM service management model and service ecology through comprehensive capability upgrading and technology integration, construct a standardised, data-driven and synergistic service system, and achieve a comprehensive leap from traditional basic property services and facility management to intelligent services.

1) *Building a Professional Foundation to Provide High-Quality Services*

The Group is accelerating the construction of a standardised and replicable solution system, focusing on the areas of smart parks and energy management, forming a modular product library, and realising a standardised case database for rapid deployment in scale. Through centralised procurement, energy management, facility renovation and large-scale sharing services, the Group will adopt a methodology for cost reduction and efficiency enhancement.

In the future, the Company plans to take the lead in piloting the "human-robot synergy" service model in some of its self-owned projects and third-party benchmark projects, introducing intelligent robots in environmental management and security inspection, effectively reducing project operation and maintenance labor costs, and enhancing service response speed. Through the innovative changes in work order model and the deployment of standardised SOPs, we will facilitate the reform of the basic property service model, achieve a leap in efficiency, and enhance service efficiency and cost competitiveness.

2) *From Digitalisation to "Digital Intelligence"*

In the core business scenarios, the Group will integrate AI technologies to create an enterprise think tank, which will significantly empower management and services. For example, the construction of a dynamic knowledge map of enterprises will enable the Group to swiftly respond to the knowledge retrieval needs of employees. AI-generated training content can help new employees to familiar with and adapt to the job and realise standardised service scenarios. In addition, the operation status of facilities of the smart park can be displayed visually through a three-dimensional model. In some projects, we will take the lead in real-time presentation of maintenance progress or energy consumption data to enhance service transparency and customer experience.

In the future, the Group will explore the implementation of more digital transformation in external application scenarios and gradually achieve the transformation from "basic services" to "joint value creation".

The Group will take "service value reconstruction" as the strategic guideline to achieve three major transformations: firstly, from passive response to proactive services, anticipating demand and intervening in advance through AI; secondly, from experience-driven to data-driven, relying on the gathering of data in the whole process to enhance science-based decision-making; and thirdly, from closed management to open ecosystem, empowering customers and partners with technological capabilities to build a smart service ecosystem together. We firmly believe that basic property services will gradually break through the traditional boundaries, and ultimately realise a comprehensive improvement in service efficiency, customer experience and business value.

3) *Organisational Reform and Talent Building*

In 2025, the Company will implement the mechanism of "Market Expansion Assembly Line", reshape the synergy between the sales team and the operation team, enhance the front-end business capability, and form the channel and capability to respond swiftly to market opportunities and customer demands. On the other hand, as a labor-intensive industry, centralised labor service procurement and service subcontracting serve as an important part of cost control, the Company will continue to cultivate the supply chain reform, scale up the standard and common categories through the strategic supplier ranking management and evaluation system, and introduce high-quality partners to promote the optimisation of procurement costs and service quality improvement. The full implementation of the sharing service centre will further achieve the centralised management of finance, human resources and other functions, effectively reduce back-end operating costs, release management resources, drive the growth of per capita efficiency, and provide agile organisational protection for strategic execution.

Looking ahead, the Group will continue to adhere to a customer-centric approach, optimise the Group's governance structure, deepen digital transformation and core competency building, and continue to focus on value creation to overcome the complex and volatile external environment, while accumulating strengths and forging ahead with determination to create new opportunities.

## II. FINANCIAL REVIEW

### Revenue

For the year ended 31 December 2024, the revenue of the Group amounted to RMB4,232.24 million (the corresponding period in 2023: RMB3,926.81 million), representing an increase of 7.8% as compared with the corresponding period of last year.

The revenue of the Group was derived from three main businesses: (i) basic property management services; (ii) value-added services; and (iii) other business.

| | For the year ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | 2024 | | 2023 | | Change | |
| | Amount (RMB'000) | (%) | Amount (RMB'000) | (%) | Amount (RMB'000) | Percentage |
| Revenue | | | | | | |
| Property management services | 3,619,416 | 85.5 | 3,221,360 | 82.0 | 398,056 | 12.4 |
| Value-added services | 570,930 | 13.5 | 679,272 | 17.3 | -108,342 | -15.9 |
| Other business | 41,890 | 1.0 | 26,176 | 0.7 | 15,714 | 60.0 |
| Total revenue | 4,232,236 | 100.0 | 3,926,808 | 100.0 | 305,428 | 7.8 |

During the Reporting Period, the revenue from basic property management services was RMB3,619.42 million (the corresponding period in 2023: RMB3,221.36 million), representing an increase of 12.4% as compared with the corresponding period of last year.

### Value-added Services

During the Reporting Period, the revenue from value-added services decreased by 15.9% to RMB570.93 million from RMB679.27 million in the corresponding period in 2023, accounting for approximately 13.5% (the corresponding period in 2023: 17.3%) of the total revenue.

The decline in value-added services was mainly attributable to the impact of the downturn in the real estate economic environment. Non-property owner value-added services has taken the initiative to scale down, recording a decrease in revenue of 41.3% compared with the corresponding period of last year. Revenue from property owner value-added services recorded an increase of 13.8% as compared with the same period of last year. Among which, revenue from the sales of parking spaces amounted to RMB9.27 million.

### Other Business

The revenue from other business mainly arose from financial services.

During the Reporting Period, the revenue from other business increased to approximately RMB41.89 million from RMB26.18 million for the corresponding period of 2023, mainly attributable to the expansion of the scale of financial services business.

## Cost of Sales

The Group's cost of sales mainly consisted of staff costs, subcontracting costs, cleaning costs, repair and maintenance costs, utility costs, carpark expenses, office expenses, depreciation and amortisation, rental expenses and others.

During the Reporting Period, the Group's cost of sales amounted to RMB3,438.78 million (the corresponding period in 2023: RMB3,180.12 million), representing an increase of 8.1% compared with the corresponding period in 2023, which was primarily due to an increase in staff costs, subcontracting costs and cleaning costs.

## Gross Profit and Gross Profit Margin

The table below sets forth a breakdown of the gross profit and gross profit margin of the Group by business line for the periods indicated:

| | For the year ended 31 December | | | |
|---|---|---|---|---|
| | 2024 | | 2023 | |
| | Gross profit (RMB'000) | Gross profit margin (%) | Gross profit (RMB'000) | Gross profit margin (%) |
| Basic Property Management Services | 644,242 | 17.8 | 591,804 | 18.4 |
| Value-added Services | 110,426 | 19.3 | 137,887 | 20.3 |
| Other Business | 38,789 | 92.6 | 17,000 | 64.9 |
| **Total** | 793,457 | 18.7 | 746,691 | 19.0 |

During the Reporting Period, the Group's gross profit was RMB793.46 million, representing an increase of 6.3% from RMB746.69 million for the corresponding period in 2023. The gross profit margin decreased to 18.7% in the Reporting Period from 19.0% for the corresponding period in 2023, which remained at a good level.

The gross profit margin of basic property management services was 17.8% (the corresponding period in 2023: 18.4%), representing a decrease of 0.6 percentage points from the corresponding period of last year, mainly due to the decrease in gross profit margin of the Group's third-party development business as a result of fierce competition in the extended development market.

The gross profit margin of value-added services was 19.3% (the corresponding period in 2023: 20.3%), representing a decrease of 1.0 percentage point from the corresponding period of last year, mainly attributable to the Group's initiative to scale down non-property owner value-added services during the Reporting Period. The gross profit margin of property owner value-added services remained at a high level of over 20%.

The gross profit margin of other business was 92.6% (the corresponding period in 2023: 64.9%), representing an increase of 27.7 percentage points from the corresponding period of last year, mainly attributable to the decrease in losses as a result of the disposal of the apartment rental business.

## Other Revenue

The Group's other revenue mainly consisted of interest income and government grants.

During the Reporting Period, other revenue was RMB16.20 million (the corresponding period in 2023: RMB52.76 million), representing a decrease of 69.3% from the corresponding period of last year, mainly attributable to the decrease of interest income from bank deposits and decrease of preferential tax treatments of additional deduction for value-added tax.

## Other Net Gain

The Group's other net gain mainly consisted of loss of RMB3.62 million on exchange, gain of RMB0.94 million on wealth management investments, net gain of RMB45.00 million from reduction in consideration of acquisition of Beijing Global and loss of RMB0.86 million on disposals of subsidiaries.

In 2021, the Group entered into a sale and purchase agreement with independent third parties for the acquisition of 75% of equity interest in Beijing Global. In accordance with the sale and purchase agreement, one of the conditions of final payment of the consideration is that certain car parking lot rights should be assigned to Beijing Global. During the year, according to a final judgement of People's Court of Judge in Beijing, the rights of those car parking lot rights should belong to a third party instead of Beijing Global. Accordingly, the Group considered that the vendor should not be entitled to the final payment and the consideration was reduced and dealt with in profit or loss during the year.

During the year, in order to concentrate its business to property management services, the Group disposed its non-core business to separate independent third parties at total consideration of RMB38.21 million. The combined net assets of the disposed subsidiaries at the respective disposal date were RMB39.07 million.

## Impairment Losses on Receivables, Contract Assets and Financial Guarantee Issued

During the Reporting Period, impairment losses on receivables, contract assets and financial guarantee issued were RMB110.00 million (2023: RMB96.70 million), which was mainly due to the increase in impairment loss on accounts receivable as compared with the corresponding period of last year as the Company conducted stringent impairment tests on accounts receivable on the books and made reasonable provision for impairment.

## Selling and Marketing Expenses

During the Reporting Period, the selling and marketing expenses amounted to RMB48.34 million (the corresponding period in 2023: RMB45.52 million), representing an increase of 6.2% from the corresponding period of last year, which was mainly due to the increase in development staff costs for searching better business targets, as well as the increase in expenses for business development.

## Administrative Expenses

During the Reporting Period, administrative expenses amounted to RMB260.16 million (the corresponding period in 2023: RMB232.70 million), representing an increase of 11.8% from the corresponding period of last year, which was mainly due to the increase in the Group's staff costs during the Reporting Period.

## Finance Costs

During the Reporting Period, finance costs amounted to RMB2.26 million (2023: RMB5.94 million), representing a decrease of 62.0% from the corresponding period of last year, which was mainly due to the disposal of the apartment rental business, which resulted in a decrease in interests on lease liabilities as compared to the same period last year.

## Share of Profits Less Losses of Joint Ventures

During the Reporting Period, the share of profits of joint ventures amounted to RMB0.50 million (the corresponding period in 2023: RMB2.40 million), representing a decrease of 79.2% from the corresponding period of last year.

## Share of Profits Less Losses of Associates

During the Reporting Period, the share of profits of associates amounted to RMB6.93 million (the corresponding period in 2023: RMB8.08 million), representing a decrease of 14.2% from the corresponding period of last year.

## Income Tax

During the Reporting Period, income tax was RMB104.53 million (the corresponding period in 2023: RMB119.46 million), representing a decrease of 12.5% from the corresponding period of last year, mainly due to the effect of deferred tax arising from temporary differences during the Reporting Period.

## Profit for the year

During the Reporting Period, the Group's net profit amounted to RMB334.97 million (the corresponding period in 2023: RMB323.35 million), representing an increase of 3.6% from the corresponding period of last year.

During the Reporting Period, the profit attributable to shareholders of the Company (the "**Shareholders**") amounted to RMB312.09 million (the corresponding period in 2023: RMB302.69 million), representing an increase of 3.1% from the corresponding period of last year.

During the Reporting Period, the net profit margin was 7.9% (the corresponding period in 2023: 8.2%).

## Property, Plant and Equipment

The property, plant and equipment of the Group mainly consisted of leasehold improvement, right-of-use assets, office equipment and furniture, machinery equipment and other fixed assets. As of 31 December 2024, the Group's net book value of property, plant and equipment amounted to RMB52.94 million, representing an increase of RMB0.81 million from RMB52.13 million as of 31 December 2023.

## Right-of-use assets

As at 31 December 2024, the Group's right-of-use assets amounted to RMB589.31 million (31 December 2023: Nil).

During the Reporting Period, the Group entered into a framework agreement with Excellence Real Estate Group Co., Ltd. ("**Excellence Real Estate**") to acquire right of use of the parking spaces from Excellence Group at a total consideration of RMB598.00 million.

## Intangible Assets

The Group's intangible assets mainly consisted of customer relationships and uncompleted property management contracts arising from corporate mergers and acquisitions. As at 31 December 2024, the intangible assets of the Group amounted to RMB287.86 million, representing a decrease of RMB47.05 million as compared to RMB334.91 million as at 31 December 2023, which was mainly attributable to (I) the amortisation arising from the period of the property management contracts recognised of the acquired companies; and (II) the disposal of the Group's subsidiary Yaozhan Management, which resulted in a decrease in intangible assets of RMB7.12 million.

## Goodwill

As at 31 December 2024, the Group's goodwill amounted to RMB225.29 million (31 December 2023: RMB243.52 million), which was mainly attributable to the decrease of goodwill by RMB18.23 million due to the disposal of Yaozhan Management, a subsidiary of the Group, during the Reporting Period.

The Group's goodwill was mainly related to the acquisitions of the equity interests in Wuhan Huanmao Property Management Co., Ltd., Henan Huangjin Property Management Co., Ltd. ("**Henan Huangjin**"), Beijing Global and Shenzhen Xingyi Investment Co., Ltd ("**Xingyi Investment**"). As of 31 December 2024, the management was not aware of any significant risk of impairment of goodwill.

## Interests in Associates

As at 31 December 2024, the Group's interests in associates amounted to RMB52.86 million (31 December 2023: RMB91.36 million). During the Reporting Period, the Group disposed of its 32% equity interest in Chongqing Frequent Surprise Business Information Consulting Co., Ltd. (重慶頻頻出奇商務資訊諮詢有限公司, "**Chongqing Frequent Surprise**") at a consideration of RMB36.43 million. No impact to profit or loss was resulted from the disposal.

## Interests in Joint Ventures

As at 31 December 2024, the Group's interests in joint ventures amounted to RMB11.28 million (31 December 2023: RMB11.80 million).

## Inventories

The Group's inventories increased by RMB198.58 million from RMB96.76 million as at 31 December 2023 to RMB295.34 million as at 31 December 2024, primarily due to the Group's acquisition of the parking spaces during the Reporting Period.

## Financial Asset Measured at Fair Value through Profit or Loss

As at 31 December 2024, the Group's financial asset measured at fair value through profit or loss amounted to RMB30.20 million, representing a decrease of RMB91.50 million as compared to RMB121.70 million as at 31 December 2023.

In 2022, the Group acquired 15% equity interest in Shenzhen Zhongsheng'an Commercial Management Co., Ltd. (深圳市中盛安商業管理有限公司, hereinafter referred to as "**Zhongsheng'an**") at a consideration of RMB120.00 million. The Group neither has significant influence nor control over the investment, and designates the investment as financial assets measured at fair value through profit or loss.

In June 2024, Zhongsheng'an returned the capital previously injected by the original controlling shareholder back to the original controlling shareholder, after passing a shareholder resolution by the original controlling shareholder at its own discretion, and became a wholly-owned subsidiary of the Group.

## Loans Receivable

As at 31 December 2024, the Group had loans receivable of approximately RMB629.45 million, which is made up of a gross loans receivable amount of RMB655.00 million and a loss allowance of approximately RMB25.55 million. All loans receivable were from the Group's financial services business in the ordinary and usual course of business.

The Group's finance service business is managed through a wholly-owned subsidiary. The Group targets to provide both secured or unsecured loans to different customers which include individuals and corporations mainly in Chinese Mainland. The source of customers is mainly past customers which consists of entrepreneurs and sizable enterprises. The money lending business is funded by the internal resources of the Group.

On 12 February 2025, the Group entered into an agreement with Excellence Group pursuant to which (i) the Group shall sell equity of Shenzhen Zhuotou Micro-Lending Co., Ltd. (深圳市卓投小額貸款有限責任公司), a subsidiary of the Group ("**Disposal Company**"), at a consideration of RMB337.79 million; and (ii) the Group shall acquire the equity of Shenzhen Excellence Real Estate Investment Co., Ltd. (深圳市卓越不動產投資有限公司) and certain commercial apartments at a total consideration of RMB251.48 million. The consideration of the disposal shall be wholly offset by the consideration for the acquisitions and the remaining RMB86.31 million to be settled in cash. Upon completion, the Disposal Company ceased to be a subsidiary of the Group and the Group will not record any significant gain on or loss from the disposal.

## Trade and Other Receivables

Trade and other receivables mainly consisted of trade receivables and other receivables.

As of 31 December 2024, the Group's net trade and other receivables (comprising current and non-current portions) amounted to approximately RMB1,808.58 million, representing an increase of approximately RMB222.55 million from approximately RMB1,586.03 million as of 31 December 2023, mainly due to the increase in net trade receivables resulting from the growth in the scale of the Group's revenue.

## Trade and Other Payables

As of 31 December 2024, the Group's trade and other payables (comprising current and non-current portions) amounted to RMB944.35 million, representing a decrease of RMB156.91 million from approximately RMB1,101.26 million as of 31 December 2023.

## Financial Guarantee Issued

Financial guarantee issued represents the expected payments to reimburse the loan holder for a credit loss that it incurs less any amount that the Group expects to receive from the realisation of pledged assets.

As of 31 December 2024, the financial guarantee issued by the Group was RMB72.43 million (as of 31 December 2023: RMB72.43 million), mainly due to the fact that Beijing Global, a non wholly-owned subsidiary of the Company, had provided a financial guarantee in respect of the seller's borrowings in the principal amount of RMB183,433,000. The Beijing Financial Court issued a first-instance judgment this year, ruling that the Group shall bear joint and several liability for the principal and interest of the aforementioned loan. However, the court did not support the claim for penalty interest on overdue payments. Beijing Global has appealed to the Beijing Higher People's Court, and the case has not yet been heard. During the Reporting Period, the Group assessed that the provisions for expected credit losses and impairment losses on financial guarantee credits were appropriate.

### Lease Liabilities

During the Reporting Period, additional lease liabilities were recognised according to new leasing standards. The lease liabilities payable within one year of RMB8.85 million were recognised in current liabilities, and the lease liabilities payable over one year of RMB5.68 million were recognised in long-term lease liabilities.

### Contract Liabilities

Our contract liabilities mainly represented prepayments from customers of the Group's commercial operation services and residential property management services. As of 31 December 2024, the Group's contract liabilities amounted to approximately RMB145.76 million, representing a decrease of approximately RMB29.48 million from RMB175.24 million as of 31 December 2023.

### Bank Loans

As of 31 December 2024, the Group did not have any bank and other borrowings (31 December 2023: RMB22.00 million).

### Asset-liability Ratio

The asset-liability ratio was calculated as the total liabilities divided by total assets of the same date. As of 31 December 2024, the Group's asset-liability ratio was 26.1% (the asset-liability ratio as of 31 December 2023 was 29.7%).

### Contingencies

On 9 November 2022, Shenzhen Excellence Property Management Co., Ltd. ("**Excellence Property Management**"), an indirect wholly-owned subsidiary of the Company, has been served with a notice of arbitration issued by the Shanghai Arbitration Commission and the other relevant documents in relation to a dispute in respect of acquisition of 40% equity interest in a project company (the "**Project Company**") which is currently 60% held by a disposed subsidiary of the Group (the "**Disposed Subsidiary**"), involving the Disposed Subsidiary and Excellence Property Management, as the respondents, and the beneficial owners of the 40% equity interest in the Project Company, as the applicants.

The applicants alleged that the Disposed Subsidiary, as an agent of Excellence Property Management, failed to acquire all the 40% equity interest in the Project Company owned by the applicants and claimed against the Disposed Subsidiary and Excellence Property Management to:

(i) pay the applicants RMB20.8 million being damages for the breach of the agreement;

(ii) acquire all the equity interest in the Project Company owned by the applicants at a cash consideration calculated based on 40% of the audited net profit of the Project Company for the year ended 31 December 2020, multiplied by 12;

(iii) other costs.

The Group has engaged legal advisors to advise on the arbitration. For further details, please refer to the announcement of the Company dated 7 December 2022. Up to the date of this results report, no arbitral award was granted. Since the result of the arbitration cannot be estimated reliably as at the date of this report, no provision in respect of the arbitration was recognised.

## Liquidity, Reserves and Capital Structures

The Group maintained a good financial position during the Reporting Period. As of 31 December 2024, the Group's cash and equivalents amounted to RMB935.43 million, representing a decrease of 56.6% from RMB2,156.70 million as of 31 December 2023, mainly due to the fact that (I) the loans issued externally by Shenzhen Zhuotou Micro-Lending Co., Ltd., have not yet due for repayment; (II) the acquisition of right of use of the commercial parking spaces; and (III) the acquisition of right of use of the residential parking spaces.

As of 31 December 2024, the Group's total equity was RMB3,797.51 million, representing an increase of RMB144.81 million or 4.0% from RMB3,652.70 million as of 31 December 2023, which was mainly due to the profit realised during the year.

## Exchange Rate Risks

The main business of the Group is conducted in China, and our business is mainly denominated in Renminbi. As at 31 December 2024, non-RMB assets and liabilities were mainly cash and cash equivalents, which were denominated in Hong Kong dollars.

The management of the Group believes that the Group is not exposed to significant foreign exchange risks, and therefore no forward foreign exchange contracts have been entered into to hedge foreign exchange risks. The management will continue to monitor foreign exchange risks and adopt prudent measures to minimise foreign exchange risks.

As the Net Proceeds have been converted into Renminbi and the financial statements of the Group are presented in Renminbi, to facilitate understanding, information on the use of the proceeds will be presented in Renminbi from 2024 and going forward.

## SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

### Disposal of Subsidiaries

Save as disclosed in this report, the Company did not hold any significant investments and did not conduct any material acquisitions or disposals of subsidiaries, associates or joint ventures during the Reporting Period.

As disclosed in the announcement of the Company dated 6 April 2021, if the actual revenue generated from the property management projects managed by Beijing Global Wealth is less than the Guaranteed Revenue during the Relevant Periods (i.e., each of the five financial years ending 31 December 2025), Beijing Global Wealth will receive a compensation amount equivalent to the difference between the actual revenue and the Guaranteed Revenue for the particular Relevant Period from the Vendors, the Guarantor and the Remaining Shareholder.

The revenue generated from the property management projects managed by Beijing Global Wealth for the year ended 31 December 2024 was approximately RMB60.44 million, which is lower than the Guaranteed Revenue of RMB62.2 million for the year ended 31 December 2024. The Board confirmed that the Guaranteed Revenue for the year ended 31 December 2024 has not been achieved.

Furthermore, as Beijing Global Wealth has not increased its fees for all property management services by 10% before 31 December 2021, the Guaranteed Revenue for each of the financial years ending 31 December 2025 remains valid.

## EVENTS AFTER THE REPORTING PERIOD

Except for the declaration of the annual dividend, no material events were undertaken by the Group subsequent to 31 December 2024 and up to the date of this report.

## DIRECTORS

### Executive Directors

**Mr. Li Xiaoping (李曉平)**, aged 67, was appointed as our executive Director and the chairman of our Board on 22 May 2020. He joined our Group in October 1999 as the chairman of the board of Shenzhen Excellence Property Management Co., Ltd. (深圳市卓越物業管理有限責任公司) ("**Excellence Property Management**") and has since then been responsible for its overall strategic planning and major business decisions. Mr. Li has also been serving as a vice chairman of the board and the president of Excellence Real Estate Group Co., Ltd. (卓越置業集團有限公司) ("**Excellence Real Estate**") since June 1996, where he has been primarily responsible for assisting the chairman with its overall strategic development and major business decisions.

Prior to joining our Group, from September 1993 to May 1996, Mr. Li served as the general manager of Shenzhen Yonggao Industrial Limited (深圳永高實業有限公司) ("**Shenzhen Yonggao**"), a company principally engaged in real estate investment, where he was primarily responsible for its overall management and operations.

Mr. Li was recognized as the "Social Contributor of the Year" (年度社會貢獻人物大獎) by the Organizing Committee of Boao 21st Century Real Estate Forum (博鰲21世紀房地產論壇組委會) in June 2009, the "Most Innovative Person in China's Real Estate Industry" (中國最具創新力地產人物) by Boao Real Estate Forum (博鰲房地產論壇) in August 2015 and the "Top 30 CEO in China Real Estate Industry for the Year of 2018" (2018中國地產年度CEO 30強) at the 2018 China Real Estate New Era Grand Ceremony (2018年中國地產新時代盛典) in December 2018.

Mr. Li obtained his bachelor's degree in applied mathematics from University of Electronic Science and Technology of China (中國電子科技大學) (formerly known as Chengdu Institute of Telecommunications Engineering (成都電信工程學院)) in the PRC in January 1982, and his master's degree in applied mathematics from Xidian University (西安電子科技大學) (formerly known as Northwest Institute of Telecommunications Engineering (西北電訊工程學院)) in the PRC in January 1988.

**Mr. Yang Zhidong (楊志東)**, aged 50, has been serving as a chief executive officer of the Group and executive Director since 15 August 2023, and is primarily responsible for the overall management of the Group. He has been serving as the Group's chief operating officer since 1 September 2021, and has been primarily responsible for the operations of the Group.

Prior to joining our Group, From January 2010 to August 2021, Mr. Yang successively served as national operation director, segment director of strategic accounts and the head of global strategic account of Chinese multinational companies in Sodexo Group China, a company principally engaged in catering and facilities management services whose shares are listed on the Euronext Paris (stock code: SW), where he was primarily responsible for the business development, strategic planning and overall operation of strategic account of foreign enterprises and global strategic account of Chinese multinational companies. From August 2008 to December 2009, Mr. Yang served as Corporate Service Manager in Intel Corporation (China), a company principally engaged in semiconductor industry and computing innovation whose shares are listed on the NASDAQ (stock code: INTC), where he was primarily responsible for the integrated facilities management of Intel China R & D center. From August 2000 to April 2008, Mr. Yang served as IFM Regional Manager in Motorola Inc, a company principally engaged in chip manufacturing and electronic communication whose shares were previously listed on the NYSE (stock code: MOT) and delisted in January 2011, where he was primarily responsible for the integrated facilities management of Motorola in South China and the initialization of new projects in the Asia Pacific region. After graduation to July 2000, Mr. Yang served as a senior supply chain planner in Eastman Kodak (China) Company, a company principally engaged in imaging products and related services whose shares are listed on the NYSE (stock code: KODK), where he was primarily responsible for the company's supply chain material management and the maintenance of master data in SAP system and he is one of the main principals of MRP II.

Mr. Yang obtained his bachelor's degree in International Trade from Sun Yat-sen University (中山大學) in PRC in July 1997. Mr. Yang has more than 20 years' experience in integrated facilities management for the world's top 500 enterprises. He is professional in strategic planning, formulation and implementation, especially outstanding in MRPII, Change Management and Solution Planning of super large IFM projects. Apart from those, he also has rich practical experience in team management and serving client needs.

# Directors and Senior Management

## Non-executive Directors

**Ms. Guo Ying (郭瑩)**, aged 57, was redesignated from executive Director to non-executive Director on 15 August 2023 and is primarily responsible for the management of the Group's investment management department. Ms. Guo was appointed as our executive Director on 22 May 2020 and is primarily responsible for implementing the strategies and daily operations of our Group. Ms. Guo joined our Group in October 2000 as a deputy project manager and successively served as the general manager of quality management department, assistant to deputy general manager and deputy general manager. She was promoted to the general manager of Excellence Property Management in August 2013 and has been responsible for project management and its daily operations since then. Ms. Guo currently holds directorships in our various subsidiaries.

Prior to joining our Group, from April 1998 to May 2000, Ms. Guo worked at Shenzhen Kangwei Home Kitchen Co., Ltd. (深圳市康威家庭廚櫃有限公司), a company principally engaged in the sales of construction materials and kitchenware. From October 1993 to December 1994, Ms. Guo worked at Shenzhen Yashi Clothing Co., Ltd. (深圳雅仕衣帽有限公司), a company principally engaged in the manufacturing and sales of clothes.

In January 2014, Ms. Guo was awarded as an "Outstanding General Manager for the Year of 2014" (2014年度聯盟卓越總經理) by Golden Key International Alliance (金鑰匙國際聯盟). Ms. Guo was admitted as a candidate for the "Top 10 CEOs in Property Industry for the Year of 2018" (2018年中國十大物業年度CEO) jointly organized by Leju Finance (樂居財經), Sina Finance (新浪財經), China Entrepreneur (中國企業家), Fangchan.com (中房網) and E-House Shihui (易居實惠) in November 2018, and was recognized as an "Outstanding Property Manager for the Year of 2019" (2019年度優秀物業經理人) by EH Consulting (億翰智庫) in December 2019.

Ms. Guo obtained her bachelor's degree in textile design from Xi'an Polytechnic University (西安工程大學) (formerly known as Northwestern Institute of Textile Technology (西北紡織工學院)) in the PRC in July 1990, and completed the advanced training courses in equipment management provided by the school of economy and management of Tongji University (同濟大學) in the PRC in August 2016.

**Mr. Wang Yinhu (王銀虎)**, aged 48, was appointed as our non-executive Director on 22 May 2020 and is primarily responsible for providing guidance for the business development of our Group.

Mr. Wang joined Excellence Real Estate in May 2004 as a fund manager and was promoted to a deputy general manager of its financial and capital department in January 2011 and to the general manager of its financing department in January 2013, respectively, where he has been primarily responsible for its financing and capital management.

Mr. Wang obtained his bachelor's degree in accounting from Xi'an University of Science and Technology (西安科技大學) (formerly known as Xi'an College of Science and Technology (西安科技學院)) in the PRC in July 2001.

## Independent Non-executive Directors

**Professor Cui Haitao (崔海濤)**, aged 50, was appointed as our independent non-executive Director on 22 March 2024, and is primarily responsible for providing independent advice on the operations and management of our Group. He has started his teaching career in tertiary education as Lecturer of Marketing in 2005 at Carlson School of Management in University of Minnesota Twin Cities ("**UMN**"). He is currently a Deputy Associate Dean for Global DBA Program, Ecolab-Pierson M. Grieve Chair in International Marketing and Professor of Marketing of UMN. He is also an affiliated professor at the Department of Industrial & System Engineering, College of Science & Engineering at UMN.

Professor Cui is widely recognized for his contributions in areas of behavioral modeling in marketing, branding, competitive strategies, distribution channels, marketing-operations interfaces, and pricing. He serves as Departmental Editor at Production and Operations Management, Departmental Editor at Service Science, Guest Associate Editor at Management Science, and on the editorial boards of the academic journals such as Journal of Operations Management. He has also been the Vice President of the Behavioral Operations Management and Research Society at Operations Research Society of China since 2015. Professor Cui was also the Vice President of the Production and Operation Management Society College of Behavioral Operations from 2017 to 2019.

Professor Cui was selected as the one of the American Marketing Association-Sheth Doctoral Consortium Fellow in 2004, 2017 and 2020 respectively. He received the Meritorious Service Award from 2009 to 2019 by Management Science and Distinguished Service Award by Marketing Science and the 3M Non-Tenured Faculty Award from 2007 to 2010. He was nominated to be the MSI Young Scholars in 2011 and the Chang Jiang Scholars by Ministry of Education of China in 2016. Professor Cui was also honored with the Inaugural Marketing Science Institute (MSI) Scholars in 2018 for "top scholars helping to set the research agenda for the field".

Professor Cui is an independent non-executive director of Viva Goods Company Limited (Stock Code: 933), a listed company on the Stock Exchange.

He obtained his Bachelor's Degree in Industrial Engineering and Degree in Fluid Machinery and Fluid Engineering and International Master of Business Administration from Tsinghua University in 1998 and 2000. He received his master's degree (IMBA) from the Tsinghua – MIT Global MBA Program, and his Master of Business Administration in Operations and Information Management and Doctor of Philosophy in Managerial Science & Applied Economics from Wharton School of University of Pennsylvania in 2002 and 2005 respectively.

# Directors and Senior Management

**Mr. Kam Chi Sing (甘志成)**, aged 54, was appointed as our independent non-executive Director on 28 September 2020 and is primarily responsible for providing independent advice on the operations and management of our Group.

Mr. Kam has over 25 years of experience in management accounting, auditing and assurance, taxation, corporate services and cross border merger and acquisition consultation in Hong Kong and China. Mr. Kam established Roger Kam & Co., a certified public accounting firm in Hong Kong, in May 2000, and R&T Consulting Group Limited ("**R&T Consulting**"), a business consulting firm in Hong Kong, in July 2009. Mr. Kam is currently serving as the supervising partner at Roger Kam & Co, the managing director at R&T Consulting and the chief representative of the representative offices of Roger Kam & Co. in Shanghai, Guangzhou and Beijing. Mr. Kam was also appointed as an independent non-executive director of Maxnerva Technology Services Limited (雲智匯科技服務有限公司) (stock code: 1037) on 28 September 2023, and the company secretary of Xinji Shaxi Group Co., Ltd (信基沙溪集團股份有限公司) (stock code: 3603) on 11 March 2019, two of which are listed on the Main Board of the Stock Exchange.

Mr. Kam is a founding member of the Alliance of Inter-Continental Accountants and was registered as a registered tax agent and a licensed tax agent by the Taxation Institute of Hong Kong for the year of 2011 and 2020, respectively. He was admitted as a fellow member of the Association of Chartered Certified Accountants in November 2003, a fellow member of the Hong Kong Institute of Certified Public Accountants in April 2006, a fellow member of the Institute of Financial Accountants in March 2011, a fellow member of the Taxation Institute of Hong Kong in January 2010, a member of the Society of Trust and Estate Practitioners in April 2012 and a member of the Hong Kong Securities and Investment Institute in June 2013, respectively. He is a committee member of the financial and treasury services committee of Hong Kong General Chamber of Commerce, and has also been serving as a election committee member of the Chinese General Chamber of Commerce, Hong Kong since November 2016. Mr. Kam was appointed as a member of the finance committee of Hong Kong Red Cross in September 2024. Mr. Kam was also appointed as a member of Shanghai Pudong New Area Committee of CPPCC in December 2023.

Mr. Kam obtained his bachelor's degree of science from the University of Hong Kong in November 1993.

**Ms. Liu Xiaolan (劉曉蘭)**, aged 59, was appointed as our independent non-executive Director on 28 September 2020 and is primarily responsible for providing independent advice on the operations and management of our Group.

Ms. Liu is the founder of Lanyu (Shanghai) Business Consulting Center (蘭毓(上海)商務諮詢中心), a company principally engaged in providing strategic and business consulting services. From October 2020 to present, Ms. Liu serves as the independent non-executive director of KWG Living Group Holdings Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 3913). From September 2013 to April 2020, Ms. Liu served as the chairman of the board of Shanghai Yizhen Investment Management Co., Ltd. (上海溢臻投資管理有限公司), a company principally engaged in real estate consulting services and investment management, where she was primarily responsible for its investment decisions and strategy formulation. From March 2012 to November 2012, Ms. Liu served as the general manager at Kunshan Stereo City Investment Management Co., Ltd. (昆山立體之城投資管理有限公司), a company principally engaged in investment management and consulting services, where she was primarily responsible for project investment management. From May 2005 to February 2012, Ms. Liu successively served as an assistant to the president, deputy general manager of the real estate management center, vice president, executive director and general manager at Powerlong Real Estate Holdings Limited (寶龍地產控股有限公司), a real estate developer whose shares are listed on the Main Board of the Stock Exchange (stock code: 1238), where she was primarily responsible for assisting the president with its daily operations, establishment of management system of the project companies and the management of commercial property management business. From May 2002 to May 2005, she served as an assistant to the general manager and the head of the branch management center at Xiamen Powerlong Information Industry Development Co., Ltd. (廈門寶龍信息產業發展有限公司), where she was primarily responsible for assisting the general manager in the daily matters of the company and its branches across China.

Ms. Liu has been serving as a deputy director of academic committee of the APCREA (Asia Pacific Commercial Real Estate Academy) (亞太商業不動產學院) since September 2009, a mentor of Boya Zhixue (Beijing) Investment Consulting Co., Ltd. (博雅知學(北京)投資顧問有限公司) since May 2014, a mentor of China's Real Estate Executive Program (中國房地產實戰研修項目) of E-house & Wharton Case Study and Teaching Facility (易居沃頓案例研究與教育基地) since June 2015, an economic counselor of Chengdu Skyscraper Economics Promotion Association (成都市樓宇經濟促進會) since September 2019 and a special consultant of Tianfu Institute of Building Economy (樓宇經濟天府學院) since June 2019.

Ms. Liu obtained her bachelor's degree in clinical medicine from Fujian University of Traditional Chinese Medicine (福建中醫藥大學) (formerly known as Fujian Chinese Traditional Medical College (福建中醫學院)) in the PRC in July 1988. She completed the Executive Development Program (高級管理培訓) offered by Xiamen University (廈門大學) in the PRC in September 2009 and the China Advanced Management Program offered by Wharton School of University of Pennsylvania in the United States in October 2019.

According to the Board meeting and the Remuneration Committee meeting held on 27 March 2024, the Company has paid the salary of Ms. Guo Ying, a non-executive Director, during her term of office and therefore no additional Directors' remuneration will be paid from April 2024. Save as disclosed in this annual report, there are no other changes to the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Rules (the "**Listing Rules**") Governing the Listing of Securities on the Stock Exchange.

# Directors and Senior Management

## SENIOR MANAGEMENT

**Mr. Jia Jie (賈傑)**, aged 41, joined the Group in August 2022, and was appointed as the Group's chief financial officer on 30 December 2022, primarily responsible for the capital and financial management of the Group. For details, please refer to the Company's announcement dated 30 December 2022. Mr. Jia Jie was appointed as the Joint Company Secretary of the Group on 6 January 2023, and has been primarily responsible for the investor relations and securities affairs management of the Group. For details, please refer to the Company's announcement dated 6 January 2023.

Prior to joining the Group, Mr. Jia served as the chief financial officer of Redsun Services Group Limited (弘陽服務集團有限公司) (a company listed on The Stock Exchange of Hong Kong Limited (stock code: 1971)), the financial controller of Redsun Properties Group Limited (弘陽地產集團有限公司) (a company listed on the Stock Exchange (stock code: 1996)), the budget analysis officer of Xinyuan (China) Real Estate Co., Ltd. (鑫苑(中國)置業有限公司) (a company listed on the New York Stock Exchange (stock code: XIN)), and the finance manager of Ningbo Longfor Real Estate Development Co., Ltd. (寧波龍湖置業有限公司) (a company engaged in the business of real estate development and operation). Mr. Jia was the finance manager of Taiyuan Wan Da Plaza Co., Ltd. (太原萬達廣場有限公司), a commercial property investment company, and worked as the consultant of KPMG China. He has over fifteen years of experience in the real estate and property investment industry.

Mr. Jia obtained a bachelor degree in finance and a master's degree in finance from Dongbei University of Finance and Economics (東北財經大學) in the PRC, and acquired a master of business administration degree from Guanghua School of Management, Peking University (北京大學光華管理學院) in the PRC. In addition, Mr. Jia is also a registered member of the Chinese Institute of Certified Public Accountants (CICPA), a certified public accountant of CPA Australia, a member of the Associate of the Chartered Institute of Management Accountants (ACMA), and a member of the Chartered Global Management Accountant (CGMA).

**Ms. Yao Xiaobo (姚曉波)**, aged 40, has been serving as the person in charge of the human capital centre of Excellence CM Group (general manager of the centre) since 1 September 2023 and has been fully responsible for the overall management of the human capital centre of the Group.

Ms. Yao has nearly 14 years of experience in human resources in property management and development, commercial operation, financial investment and other industries. Ms. Yao has a background of working in headquarters platforms and leading companies, and is familiar with headquarters platforms and frontline operation management, human resources, and administrative management models. She has rich management and practical experience in organisational management, organisational reform, cadre management, performance and incentives, and talent learning and development.

Ms. Yao obtained her bachelor's degree in human resources management from Anhui University of Finance & Economics in 2008 and a master's degree in business administration from Southeast University in 2011. She joined Excellence Real Estate in June of the same year, and has served as the person in charge of human resources for Shenzhen Real Estate Company (深圳地產公司), Excellence Investments Holdings (卓越投控) and Excellence's own segments.

The board (the "**Board**") of directors (the "**Directors**") of the Company is pleased to submit their report together with the audited consolidated financial statements of the Company and its subsidiaries (the "**Group**") during the Reporting Period.

## GLOBAL OFFERING

The Company is an exempted company with limited liability incorporated in the Cayman Islands on 13 January 2020. The Company's shares (the "**Shares**") were listed on the Main Board of the Stock Exchange on 19 October 2020 (the "**Listing Date**").

## PRINCIPAL ACTIVITIES

The Group is a leading commercial real estate service operator in China, which is dedicated to the provision of customized one-stop comprehensive operation and management services for customers and offers full-life cycle asset maintenance and full-chain overall service solutions. The Group focuses on commercial properties as its primary development path to achieve a diversified combination of full range of businesses covering high-end commercial office buildings, commercial complexes, high-tech industrial parks, government buildings and residential apartments. The service types of the Group include real estate consulting, asset operation and management, equipment and facilities management, construction and mechanical and electrical services, business environment services, comprehensive administrative logistics and other services. At the same time, the Group also provides apartment rental services and micro-lending to small and medium enterprises, individual business proprietors and individuals. The Company is mainly engaged in operating its business in China. The analysis of principal activities of the Group for the year ended 31 December 2024 is set out in note 4 to the consolidated financial statements.

## FINANCIAL RESULTS

The financial results of the Group for the year ended 31 December 2024 are set out in the consolidated statements of profit or loss and other comprehensive income on pages 81 to 82 of the annual report.

## FINAL DIVIDEND

The Board recommend the payment of a final dividend of HK6.28 cents per share for the year ended 31 December 2024 (the "**Final Dividend**") which is subject to approval by the Company's shareholders (the "**Shareholders**") at the forthcoming annual general meeting (the "**AGM**") to be held at 10:00 a.m. on 27 May 2025 (Tuesday), and is expected to be paid on or around 11 July 2025 (Friday) to the Shareholders whose names appear on the register of members of the Company on 20 June 2025 (Friday).

For the purpose of determining the identity of the Shareholders entitled to attend and vote at the AGM, the register of members of the Company will be closed from 22 May 2025 (Thursday) to 27 May 2025 (Tuesday) (both days inclusive). In order to be eligible for attending and voting the AGM, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queens Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 21 May 2025 (Wednesday).

For the purpose of determining the identity of the Shareholders entitled to receive the Final Dividend, the register of members of the Company will be closed from 17 June 2025 (Tuesday) to 20 June 2025 (Friday) (both days inclusive). In order to be eligible for receiving the Final Dividend, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queens Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 16 June 2025 (Monday).

## DIVIDEND POLICY

Subject to the Companies Law of the Cayman Islands, through a general meeting we may declare dividends in any currency but no dividend shall be declared in excess of the amount recommended by the Board. The articles of association of the Company (the "**Articles of Association**") provide that dividends may be declared and paid out of our profit, realised or unrealised, or from any reserve of the Company lawfully available for distribution including share premium.

The declaration of dividends is subject to the discretion of the Directors, and the amounts of dividends actually declared and paid will also depend upon the following factors:

- our general business conditions;
- our financial results;
- our capital requirements;
- interests of our Shareholders; and
- any other factors which the Board may deem relevant.

The Board adopted a dividend policy that aims to allow the Shareholders to participate in the Company's profits by provision of dividends whilst preserving the Company's liquidity to capture future growth opportunities. Our future dividend payments to our Shareholders will also depend upon the availability of dividends received from our subsidiaries in the PRC. PRC laws require that dividends be paid out of the net profit calculated according to PRC accounting principles, which differ in certain aspects from HKFRSs. PRC laws also require enterprises located in the PRC to set aside part of their net profit as statutory reserves before they distribute the net proceeds. These statutory reserves are not available for distribution as cash dividends. Furthermore, distributions from our subsidiaries may be restricted if they incur debts or losses or as a result of any restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries may enter into in the future.

Any final dividend for a fiscal year shall be subject to our Shareholders' approval. The Group has not been aware of any arrangement under which a Shareholder has waived or agreed to waive any dividends.

## BUSINESS REVIEW

Business review in 2024 and discussion about future business development of the Group, the main risks and uncertain factors to be faced by the Group, as well as compliance with relevant laws and regulations material to the Group are set forth in the section headed "Chairman's Statement" from page 4 to page 5 of the annual report, respectively. The performance analysis of the Group in 2024 based on key financial indicators is set forth in the Management Discussion and Analysis from page 6 to page 26 of the annual report.

The Group believes sustainable development is an important part in our development, and applies this concept to every aspect of our business operation and strives to create a better future for the Company and the society. The Group will publish an independent Environmental, Social and Governance Report prepared in accordance with Appendix C2 Environmental, Social and Governance Reporting Guide to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

## FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on pages 163 to 164 of this annual report. The summary does not form part of the audited consolidated financial statements.

## USE OF PROCEEDS FROM THE LISTING

The Company issued 300,000,000 new shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 19 October 2020 (the "**Listing Date**"), and partially exercised the over-allotment options on 11 November 2020 and issued 22,490,000 new shares. After the partial exercise of the over-allotment options and deducting underwriting fees and related expenses, the total net proceeds raised from the listing (the "**Net Proceeds**") are approximately HK$3,359.5 million (RMB2,760.4 million). As of 31 December 2024, the Company had utilized approximately RMB2,324.8 million of the Net Proceeds, representing approximately 84.2% of the Net Proceeds and the unutilised Net Proceeds amounted to approximately RMB435.6 million.

The business objectives and planned use of Net Proceeds as stated in the prospectus of the Company dated 7 October 2020 (the "**Prospectus**") were based on the Group's best estimation of future market conditions at the time of preparing the Prospectus. The actual use of Net Proceeds was based on the actual market development. As disclosed in the Company's announcement dated 29 December 2022, the supplemental announcement dated 10 March 2023 and the clarification announcement dated 10 April 2023 (the "**Change in Use of Proceeds from the Global Offering Announcements**"), having carefully considered the latest business environment and development needs of the Group, the board (the "**Board**") of directors (the "**Directors**") of the Company had resolved to change the proposed use of the unutilised Net Proceeds. Please refer to the Change in Use of Proceeds from the Global Offering Announcements for details of the change in use of the Net Proceeds and the reasons thereof.

As at 31 December 2024, the Group's planned use and actual use of the net proceeds were as follows:

| Major Categories | Specific Plans | % of actual Net proceeds | Planned use of proceeds (RMB million) | Amount of proceeds unutilized as at 31 December 2024 (RMB million) | Actual amount of proceeds utilized during the year ended 31 December 2024 (RMB million) |
|---|---|---|---|---|---|
| Business expansion | Strategically acquire or invest in interests in companies with operational scale or profitability prospect<br><br>Acquire or invest in interests in third party service providers to provide specialized value-added services or to expand the Group's scope of services when opportunities arise<br><br>Acquire or invest in quality assets with revenue prospects to enhance the Group's profitability when opportunities arise | 55.00% | 1,518.2 | 326.2 | 610.5 |
| Development of information technology system | Develop and optimise smart management information platform and provide other related support for the development and optimisation of smart management information platform; provide technology-enabled services to enhance customer experience and management efficiency<br><br>Develop and optimise "O+" platform and provide other related support for the development and optimisation of "O+" platform. Achieve basic property services (property charges, parking fees, service orders, notices) and value-added services (shopping malls, food delivery, etc.) online<br><br>Upgrade or introduce new business management systems to enhance internal control and improve management efficiency (e.g., improve automation, reduce error rates and provide timely analysis of operations and effective operational management); provide resources to support IT system upgrades | 3.00% | 82.8 | 50.7 | 4.5 |

| Major Categories | Specific Plans | % of actual Net proceeds | Planned use of proceeds (RMB million) | Amount of proceeds unutilized as at 31 December 2024 (RMB million) | Actual amount of proceeds utilized during the year ended 31 December 2024 (RMB million) |
|---|---|---|---|---|---|
| Facility upgrades for the properties under our management | Upgrade the facilities in some old residential properties under the Group's management to develop intelligent communities | 4.00% | 110.4 | 3.1 | 24.9 |
| Attracting and nurturing talent | Recruit and nurture professional talents strategically to provide the Group's customers with quality services and fully satisfy their needs, thereby enhancing customer satisfaction. The Company will also:<br>(i) provide professional trainings to our employees at key positions and identify and train up our future team leaders;<br>(ii) recruit key personnel (supervisory level and above) strategically to support our business growth;<br>(iii) recruit new employees to improve the strategic talent pool and provide professional functional trainings to the new employees; and<br>(iv) other expenses for providing talent support for the Group. | 18.00% | 496.9 | 51.9 | 244.8 |
| General corporate purposes | Working capital and general corporate purposes | 20.00% | 552.1 | 3.7 | 57.8 |

*Note:* The estimated timeline for utilisation of the unutilised Net Proceeds is by the end of 31 December 2026.

As the Net Proceeds have been converted into Renminbi and the financial statements of the Group are presented in Renminbi, to facilitate understanding, information on the use of the proceeds will be presented in Renminbi from 2024 and going forward.

## MAJOR CUSTOMERS AND SUPPLIERS

### Major Customers

For the year ended 31 December 2024, the transaction amounts of the Group's top five customers accounted for 26.7% of the total income (2023: 31.5%), and the transaction amounts of the Group's single largest customer accounted for 9.9% of the total income (2023: 15.0%).

### Major Suppliers

For the year ended 31 December 2024, the transaction amounts of the Group's top five suppliers accounted for 23.5% of the total purchases of the Group for the year ended 31 December 2024 (2023: 21.5%), and the transaction amounts of the Group's single largest supplier accounted for 8.9% of the total purchases (2023: 7.6%).

During the Reporting Period, none of the Directors, any of their respective close associates or any Shareholders (which to the knowledge of the Directors owns more than 5% of the Company's shares in issue) are interested in the top five customers or suppliers of the Group.

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Company and the Group during the year ended 31 December 2024 are set out in note 13 to the consolidated financial statements.

## SHARE CAPITAL

Details of movements in the Company's share capital during the Reporting Period are set out in note 32 to the consolidated financial statements.

## RESERVES

Details of the movements in the reserves of the Company and the Group during the year ended 31 December 2024 are set out in the consolidated statements of changes in equity on pages 85 to 86 of the annual report.

## RESERVES AVAILABLE FOR DISTRIBUTION

As at 31 December 2024, the Company's reserves available for distribution amounted to approximately RMB3,173,175,000 (2023: approximately RMB3,110,238,000).

## BANK AND OTHER BORROWINGS

Details of bank borrowings and other borrowings of the Company and the Group during the year ended 31 December 2024 are set out in note 26 to the consolidated financial statements.

## DIRECTORS

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

### Executive Directors:

Mr. Li Xiaoping *(Chairman)*
Mr. Yang Zhidong

### Non-executive Directors:

Ms. Guo Ying
Mr. Wang Yinhu

### Independent non-executive Directors:

Professor Cui Haitao *(appointed with effect from 22 March 2024)*
Mr. Kam Chi Sing
Ms. Liu Xiaolan
Mr. Huang Mingxiang *(resigned with effect from 22 March 2024)*

In accordance with article 83(3) of the Company's articles of association (the "**Articles of Association**"), the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first annual general meeting after his appointment and be subject to reelection at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In addition, in accordance with article 84(1) of the Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if the number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. In accordance with article 84(2) of the Articles of Association, any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Any Director appointed by the Board pursuant to Article 83(3) shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

Accordingly, Ms. Liu Xiaolan, Mr. Li Xiaoping and Professor Cui Haitao shall retire from office and, being eligible, will offer themselves for re-election at the AGM.

The particulars of Directors who are subject to re-election at the AGM are set out in the circular to be despatched to the Shareholders.

## DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out on pages 27 to 32 of this annual report.

## CONFIRMATION OF THE INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors, namely Professor Cui Haitao, Mr. Kam Chi Sing, and Ms. Liu Xiaolan, a confirmation of his/her independence. The independent non-executive Directors do not and will not be involved in the daily operation of the Group and will abstain from voting in respect of any resolution. Therefore, the Company confirms that it considers all of the independent non-executive Directors are independent persons since the Listing Date and up to the date of this annual report.

## SERVICE CONTRACT AND LETTER OF APPOINTMENT OF THE DIRECTORS

Each of our executive Directors has entered into a service agreement with our Company for a term of three years commencing from 2024 to 2026, which may be terminated by not less than three months' notice in writing served by either party on the other.

Each of our non-executive Directors and our independent non-executive Directors has entered into a letter of appointment with our Company for a term of three years commencing from 2024 to 2026, which may be terminated by not less than three months' notice in writing served by either party on the other.

Save as disclosed above, during the Reporting Period and up to the date of this annual report, none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

## INTEREST OF DIRECTORS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENT OR CONTRACTS

During the Reporting Period and up to the date of this annual report, none of the Directors has a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, any of its subsidiaries or fellow subsidiaries was a party.

## MANAGEMENT CONTRACTS

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

## EMPLOYEES AND REMUNERATION POLICY

The remuneration committee of the Company (the "**Remuneration Committee**") was set up for reviewing the Group's remuneration policy and structure of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices.

As at 31 December 2024, the Group had a total of 17,787 and 86 full-time employees (31 December 2023: 16,352 and 85) in the PRC and India, respectively. The Group provides its employees with competitive remuneration packages such as fees, salaries, allowances and benefits in kind, bonuses and contributions to pension schemes and social benefits. The Group contributes to social insurance such as medical insurance, work-related injury insurance, pension insurance, maternity insurance, unemployment insurance and housing provident fund for its employees.

The Group's companies incorporated in the PRC contribute based on certain percentage of the salaries of the employees to a defined contribution retirement benefit plan and other defined contribution social security plans organised by relevant government authorities in the PRC on a monthly basis. The government authorities undertake to assume the retirement benefit obligations payable and other social security payables to all existing and future retired employees under these plans and the Group has no further obligation beyond the contributions made. Contributions to these plans are expensed as incurred. Assets of the plans are held and managed by government authorities and are separate from those of the Group. No forfeited contribution under these plans is available to reduce the contribution payable in future years.

The Group also participates in a employees' provident fund for all employees in India, which is a defined contribution retirement scheme, the contributions to the employees' provident fund are based on statutory contribution requirement of eligible employees' relevant aggregate income. No forfeited contribution under the employees' provident fund is available to reduce the contribution payable in future years. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

Details of the remuneration of the Directors, and the five highest paid individuals during the Reporting Period are set out in note 9 and note 10 to the consolidated financial statements respectively.

## RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Details of the retirement and employee benefits scheme of the Company are set out in note 46 to the consolidated financial statements.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

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

### Interests in the Shares of the Company

| Name of Director | Capacity/ Nature of Interest | Number of Shares Held | Approximate Percentage of Interests in the Company | Long/Short Position |
|---|---|---|---|---|
| Mr. Li Xiaoping | Interest of spouse | 118,120,000[1] | 9.68% | Long position |
| | Beneficial owner | 272,000 | 0.02% | Long position |
| Ms. Guo Ying | Beneficial owner | 75,000 | 0.01% | Long position |

*Notes:*

(1) Mr. Li Xiaoping is the spouse of Ms. Xiao Xingping ("**Ms. Xiao**"). By virtue of the SFO, Mr. Li is deemed to be interested in the same number of Shares in which Ms. Xiao is interested.

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

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, at no time during the Reporting Period were there rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or children under the age of 18, or were there any such rights exercised by the Directors; or was the Company, or any of its holding companies, fellow subsidiaries and subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, as far as the Directors are aware, the following persons (other than the Directors and chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, and which were required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO:

### Interests in the Shares

| Name of Shareholder | Capacity/Nature of Interest | Number of Shares Held | Approximate Percentage of Interests in the Company | Long/Short Position |
|---|---|---|---|---|
| Mr. Li Wa(1) | Interest in a controlled corporation | 722,440,000 | 59.20% | Long position |
| Oriental Rich Holdings Group Limited ("**Oriental Rich**")(1) | Interest in a controlled corporation | 722,440,000 | 59.20% | Long position |
| Urban Hero Investments Limited ("**Urban Hero**")(1) | Beneficial owner | 722,440,000 | 59.20% | Long position |
| Ms. Xiao Xingping | Interest in a controlled corporation | 117,900,000(2) | 9.66% | Long position |
| | Beneficial owner | 220,000 | 0.02% | Long position |
| | Interest of spouse | 272,000(3) | 0.02% | |
| Ever Rainbow Holdings Limited ("**Ever Rainbow**")(2) | Beneficial owner | 117,900,000 | 9.66% | Long position |
| Mr. Li Yuan(4) | Interest in a controlled corporation | 63,000,000 | 5.16% | Long position |
| Autumn Riches Limited ("**Autumn Riches**")(4) | Beneficial owner | 63,000,000 | 5.16% | Long position |

*Notes:*

(1) Urban Hero is wholly owned by Oriental Rich, which is in turn wholly owned by Mr. Li Wa. By virtue of the SFO, each of Oriental Rich and Mr. Li Wa is deemed to be interested in the same number of Shares in which Urban Hero is interested.

(2) Ever Rainbow is wholly owned by Ms. Xiao. By virtue of the SFO, Ms. Xiao is deemed to be interested in the same number of Shares in which Ever Rainbow is interested.

(3) Ms. Xiao is the spouse of Mr. Li Xiaoping. By virtue of the SFO, Ms. Xiao is deemed to be interested in the same number of Shares in which Mr. Li Xiaoping is interested.

(4) Autumn Riches is wholly owned by Mr. Li Yuan. By virtue of the SFO, Mr. Li Yuan is deemed to be interested in the same number of Shares in which Autumn Riches is interested.

Save as disclosed above, as at 31 December 2024, the Directors were not aware of any persons (who were not Directors or chief executives of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

## SHARE OPTION SCHEME

### 1. Share Option Scheme

The share option scheme of the Company (the "**Share Option Scheme**") was approved and adopted by the written resolutions of our Shareholders on 28 September 2020. The Share Option Scheme is subject to the requirements under Chapter 17 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange. No options have been granted under the Share Option Scheme from the date of its adoption up to the date of this report. For further details on the Share Option Scheme, please refer to "Appendix IV – Statutory and General Information – D. Other Information – 1. Share Option Scheme" in the prospectus of the Company (the "**Prospectus**").

The remaining life of the Share Option Scheme is around 5 years.

### 2. Pre-IPO Share Option Scheme

The pre-IPO share option scheme of the Company (the "**Pre-IPO Share Option Scheme**") was approved and adopted by the written resolution of our Shareholders on 9 September 2020. For further details on the Pre-IPO Share Option Scheme, please refer to "Appendix IV – Statutory and General Information – D. Other Information – 2. Pre-IPO Share Option Scheme" in the Prospectus.

On 9 September 2020, the Company granted the options in relation to a total of 28,200,000 shares to the eligible persons in accordance with the terms of the Pre-IPO Share Option Scheme.

For the Reporting Period, details of the movements on the share option under the Pre-IPO Share Option Scheme are set out as follows:

| Category and name of the grantee | Date of grant | Vesting period | Exercise period | Outstanding as at 1 January 2024 | Granted during the Reporting Period | Exercised during the Reporting Period | Lapsed during the Reporting Period | Cancelled during the Reporting Period | Outstanding as at 31 December 2024 | Exercise price per share (HK$) |
|---|---|---|---|---|---|---|---|---|---|---|
| **Directors** | | | | | | | | | | |
| Mr. Li Xiaoping | 9 September 2020 | (i) one third of the total number of the share options will be vested after the date of the publication of the annual report of the Group for the year ending 31 December 2021;<br>(ii) one third of the total number of the share options will be vested after the date of the publication of the annual report of the Group for the year ending 31 December 2022; and<br>(iii) one third of the total number of the share options will be vested after the date of the publication of the annual report of the Group for the year ending 31 December 2023. | Within 5 years after the vesting date | 5,400,000 | – | – | 5,400,000 | – | – | 5.36 |
| Ms. Guo Ying | 9 September 2020 | (i) one third of the total number of the share options will be vested after the date of the publication of the annual report of the Group for the year ending 31 December 2021;<br>(ii) one third of the total number of the share options will be vested after the date of the publication of the annual report of the Group the year ending 31 December 2022; and<br>(iii) one third of the total number of the share options will be vested after the date of the publication of the annual report of the Group the year ending 31 December 2023. | Within 5 years after the vesting date | 400,000 | – | – | 400,000 | – | – | 5.36 |
| **Subtotal** | | | | 5,800,000 | – | – | 5,800,000 | – | – | |

| Category and name of the grantee | Date of grant | Vesting period | Exercise period | Outstanding as at 1 January 2024 | Granted during the Reporting Period | Exercised during the Reporting Period | Lapsed during the Reporting Period | Cancelled during the Reporting Period | Outstanding as at 31 December 2024 | Exercise price per share (HK$) |
|---|---|---|---|---|---|---|---|---|---|---|
| **Other participants** | 9 September 2020 | (i) one third of the total number of the share options will be vested after the date of the publication of the annual report of the Group for the year ending 31 December 2021;<br><br>(ii) one third of the total number of the share options will be vested after the date of the publication of the annual report of the Group the year ending 31 December 2022; and<br><br>(iii) one third of the total number of the share options will be vested after the date of the publication of the annual report of the Group the year ending 31 December 2023. | Within 5 years after the vesting date | 1,504,000 | – | – | 1,504,000 | – | – | 5.36 |
| **Total** | | | | 7,304,000 | – | – | 7,304,000 | – | – | |

## 3. Summary of the Share Option Schemes and Pre-IPO Share Option Scheme

| | Pre-IPO Share Option Scheme | Share Option Scheme |
|---|---|---|
| **Purpose** | To enable the Company to grant options to Pre-IPO Eligible Participants (as defined below) as incentives or rewards for their contribution or potential contribution to any member of our Group. | To recognize and acknowledge the contributions that the Eligible Participants (as defined below) had or may have made to our Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in our Company with the view to achieving the following objectives:<br><br>(i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of our Group; and<br><br>(ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of our Group. |
| **Who may join** | The Board may at its discretion grant options to persons who satisfy the following eligibility criteria ("**Pre-IPO Eligible Participant(s)**"):<br><br>(i) any full-time employee, administrative personnel, and senior staff of an member of our Group;<br><br>(ii) any director (including non – executive director and independent non-executive director) of any member of our Group;<br><br>(iii) any other eligible person who, in the discretion of our Board and its authorized person, has made contributions or will make contributions to our Group. | The Board may, at its discretion, offer to grant an option to the following persons (collectively the "**Eligible Participants**")[1]:<br><br>(i) any full-time or part-time employees, executives or officers of our Company or any of our subsidiaries;<br><br>(ii) any directors (including non – executive directors and independent non-executive directors) of our Company or any of our subsidiaries; and<br><br>(iii) any advisors, consultants, suppliers, customers, distributors and such other persons who, in the sole opinion of the Board, will contribute or have contributed to our Company and/or any of our subsidiaries. |

*Note 1:* In case of any conflicts with the definition of eligible participants under current Rule 17.03A of the Listing Rules, the definition under the Listing Rules shall prevail.

| | Pre-IPO Share Option Scheme | Share Option Scheme |
|---|---|---|
| **Maximum number of Shares available for issue** | The maximum number of Shares in respect of which options may be granted under the Pre-IPO Share Option Scheme is 25,705,159 Shares, representing 2.14% and 2.11% of the issued share capital of our Company as at the Listing Date and the date of this report, respectively.<br><br>No further option could be granted under the Pre-IPO Share Option Scheme.<br><br>During the Reporting Period, 7,304,000 share options were lapsed. As at the date of this report, the number of Shares available for issue under the Pre-IPO Share Option Scheme was 0 Shares, representing approximately 0% of the total number of issued Shares as at the date of this report. | The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option scheme of the Company is 120,000,000 Shares, representing 10% and 9.83% of the issued share capital of our Company as at the Listing Date and the date of this report respectively.<br><br>The maximum number of Shares that may be issued upon exercise of all outstanding options granted and yet to be granted under the Share Option Scheme and any other schemes must not in aggregate exceed 30% of the total number of Shares in issue from time to time.<br><br>As at the date of this report, the total number of Shares available for issue under the Share Option Scheme was 120,000,000 Shares, representing approximately 9.83% of the total number of issued Shares as at the date of this report. |
| **Maximum entitlement of each participant** | The respective entitlement of each participant as granted on 9 September 2020. | 1% of the issued share capital of the Company from time to time within any 12-month period up to the date of offer. |
| **Acceptance of an offer of options** | An offer shall be deemed to have been accepted when the duplicate letter comprising acceptance of the offer is duly signed by the grantee, together with a payment of HK$1.00 by way of consideration for the grant thereof, is received by our Company.<br><br>To the extent that the offer is not accepted within 30 days from the offer date, it will be deemed to have been irrevocably declined. | An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance or payment in favor of our Company of HK$1.00 by way of consideration for the grant thereof, is received by our Company on or before the relevant acceptance date. |

| | Pre-IPO Share Option Scheme | Share Option Scheme |
|---|---|---|
| **Option period** | An option may be exercised according to the terms of the Pre-IPO Share Option Scheme in whole or in part by the grantee subject to fulfillment the vesting conditions determined by the Board but before the expiry of five years after the grant date. | The Board may in its absolute discretion determine the period during which an option may be exercised or specify any performance targets at the time of grant of options which shall be satisfied by the grantee before his options may be exercised. |
| **Exercise Price** | The exercise price per Share in respect of any particular option granted under the Pre-IPO Share Option Scheme is HK$5.36, which was determined with reference to the fair value of the Shares as at 3 August 2020, based on a valuation report prepared by an independent valuer appointed by our Company. | Exercise price shall be at least the higher of: (i) the official closing price of our Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (ii) the average of the official closing prices of our Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share. |
| **Other condition** | Within one year after the date of exercise of the option, a grantee shall not sell, offer to sell, contract or agree to sell, transfer, mortgage, charge, pledge or otherwise dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares which have been issued to him/her pursuant to his/her exercise of any option granted to and vested on him/her under the Pre-IPO Share Option Scheme. | – |

The Pre-IPO Share Option Scheme is not subject to the provision of Chapter 17 of the Listing Rules. No further options will be granted under the Pre-IPO Share Option Scheme.

The Share Option Scheme shall be valid and effective for a period of 10 years from the Listing Date, i.e. until 18 October 2030.

Save as disclosed above, the Company has not adopted any other share scheme.

## EQUITY-LINKED AGREEMENT

Save as disclosed in the annual report, there was no equity-linked agreement entered into by the Company or any of its subsidiaries or subsisted at the end of the year.

## PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES

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

## PRE-EMPTIVE RIGHTS

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

## 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.

## INTERESTS OF DIRECTORS IN THE COMPETING BUSINESS

Save as disclosed in the Prospectus, none of the Directors or their associates had any interest in any business which directly or indirectly compete or may compete with the businesses of our Group since the Listing Date and up to the date of this annual report.

## COMPLIANCE WITH NON-COMPETITION DEED

On 4 October 2020, the controlling shareholders of the Company, namely, Mr. Li Wa, Oriental Rich and Urban Hero (the "**Controlling Shareholders**"), have entered into the non-competition deed in favour of the Company and its subsidiaries, pursuant to which, the Controlling Shareholders will not, and will not procure their associates to compete with the Group in relation to the relevant business. Our Controlling Shareholders have also undertaken to our Company that they will, and will procure their associates to refer the New Business Opportunity to our Company. For details, please refer to the section headed "Relationship with Controlling Shareholders" in the Prospectus.

The independent non-executive Directors of the Company are responsible for checking, reviewing, considering and deciding whether or not to adopt and accept new business opportunities referred by the Controlling Shareholders or its subsidiaries to the Company.

Our Controlling Shareholders have undertaken that they have complied with the Non-competition Deed during the Year. The independent non-executive Directors of the Company have monitored and reviewed the implementation of the non-competition deed during the year and confirmed that the Controlling Shareholders have fully complied with the deed and no breach of the deed occurred.

## CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

### Connected Transactions

During the year under review, the Company has strictly complied with the requirements set out in Chapter 14A of the Listing Rules in respect of its continuing connected transactions. Details of the continuing connected transactions are as follows:

### Continuing Connected Transactions

During the Reporting Period, the Group had the following continuing connected transactions:

1. *Master Parking Spaces' Use Right Purchase Agreement*

   On 2 February 2024, our Company (for itself and on behalf of its other subsidiaries) entered into a master parking spaces' use right purchase agreement (the "**Master Parking Spaces' Use Right Purchase Agreement**") with Mr. Li, pursuant to which our Group agreed to, from time to time, enter into transactions to purchase the rights-of-use of the parking spaces from Mr. Li's Companies. The Master Parking Spaces' Use Right Purchase Agreement has a term commencing from 1 January 2024 until 31 December 2026.

   The maximum annual fee payable by our Group in relation to the Master Parking Spaces' Use Right Purchase Agreement for the three years ended 31 December 2026 will not exceed RMB108.00 million, RMB108.00 million and RMB119.00 million, respectively. For the year ended 31 December 2024, the Group's fees paid for the Master Parking Spaces' Use Right Purchase Agreement amounted to RMB102.66 million.

   As at 31 December 2024, as Mr. Li is one of our Controlling Shareholders and is therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Parking Spaces' Use Right Purchase Agreement constituted continuing connected transactions for our Company under Chapter 14A of the Listing Rules.

2. *Decoration and Maintenance Services Framework Agreement*

   On 2 February 2024, our Company (for ourselves and on behalf of our other subsidiaries) entered into the decoration and maintenance services framework agreement (the "**Decoration and Maintenance Services Framework Agreement**") with Mr. Li, pursuant to which our Group agreed to supply the Decoration and Maintenance Services to the properties owned, used, developed or being developed by Mr. Li's Companies in the PRC (the "**Decoration and Maintenance Services**"). The Decoration and Maintenance Services Framework Agreement has a term commencing from 1 January 2024 until 31 December 2026.

   The maximum annual fee payable by Mr. Li's Companies in relation to the Decoration and Maintenance Services for the three years ended 31 December 2026 will not exceed RMB5.00 million, RMB16.00 million and RMB25.00 million, respectively. For the year ended 31 December 2024, the fees charged by the Group for the Decoration and Maintenance Services amounted to RMB0.43 million.

   As at 31 December 2024, as Mr. Li is one of our Controlling Shareholders and is therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Decoration and Maintenance Services Framework Agreement constituted continuing connected transactions for our Company under Chapter 14A of the Listing Rules.

*3. Property Agency Services Framework Agreement*

On 2 February 2024, our Company (for itself and on behalf of its other subsidiaries) entered into a property agency services framework agreement (the "**Property Agency Services Framework Agreement**") with Mr. Li, pursuant to which our Group agreed to provide property agency services in respect of (i) the sales of residential and commercial properties and parking spaces developed or being developed by Mr. Li's Companies, (ii) the unleased units in the office buildings and unleased ancillary commercial units and unleased parking spaces in the residential communities owned by Mr. Li's Companies and managed by us (the "**Property Agency Services**"). The Property Agency Services Framework Agreement has a term commencing from 1 January 2024 until 31 December 2026.

The maximum annual fee payable by Mr. Li's Companies in relation to the Property Agency Services under the Property Agency Services Framework Agreement for the three years ended 31 December 2026 will not exceed RMB4.00 million, RMB3.00 million and RMB3.00 million, respectively. For the year ended 31 December 2024, the Group's fees charged for the Property Agency Services Framework Agreement amounted to nil.

As Mr. Li Wa is one of our Controlling Shareholders and is therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Property Agency Services Framework Agreement constituted continuing connected transactions for our Company under Chapter 14A of the Listing Rules.

*4. Master Property Management Services Agreement*

On 2 February 2024, our Company (for itself and on behalf of its other subsidiaries) entered into a master property management services agreement (the "**Master Property Management Services Agreement**") with Mr. Li, pursuant to which we agreed to provide Mr. Li's Companies with property management services, including but not limited to (i) pre-delivery services including (a) the on-site security, cleaning, and display units and on-site sales office management services; (b) preliminary planning and design consultancy services; (c) house inspection; and (d) pre-delivery cleaning services; and (ii) the property management services for the unsold residential property units and commercial properties owned and used by Mr. Li's Companies, for a term commencing from 1 January 2024 until 31 December 2026.

The maximum annual fee payable by Mr. Li's Companies in relation to the Property Management Services for the three years ended 31 December 2024 will not exceed RMB381.00 million, RMB354.00 million and RMB337.00 million, respectively. For the year ended 31 December 2024, the Group's fees charged for the Property Management Services amounted to RMB301.19 million.

As at 31 December 2024, as Mr. Li Wa is one of our Controlling Shareholders and is therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Property Management Services Agreement constituted continuing connected transactions for our Company under Chapter 14A of the Listing Rules.

5. *Master Supply & Installation Agreement*

On 2 February 2024, our Company (for ourselves and on behalf of our other subsidiaries) entered into a master supply and installation agreement (the "**Master Supply & Installation Agreement**") with Mr. Li, pursuant to which our Group agreed to provide assistance to (i) the supply of (a) ventilation and air conditioning system; (b) floor heating and water heating system; and (c) intelligent home system including but not limited to access control and surveillance system to Mr. Li's Companies; and (ii) the related installation services (the "**System Supply & Installation Services**"). The Master Supply & Installation Agreement has a term commencing from 1 January 2024 until 31 December 2026.

The total contract value with Mr. Li's Companies in relation to the System Supply & Installation Services for the three years ended 31 December 2026 will not exceed RMB180.00 million, RMB193.00 million and RMB195.00 million, respectively. For the year ended 31 December 2024, the total contract value of the Group for the System Supply & Installation Services amounted to RMB67.53 million.

As at 31 December 2024, as Mr. Li is one of our Controlling Shareholders and is therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Supply & Installation Agreement constituted continuing connected transactions for our Company under Chapter 14A of the Listing Rules.

6. *Commercial Properties Lease Agreement*

On 2 February 2024, our Company (for itself and on behalf of its other subsidiaries) entered into a master commercial properties lease agreement (the "**Master Commercial Properties Lease Agreement**") with Mr. Li Wa ("**Mr. Li**"), pursuant to which we will lease from associates of Mr. Li ("**Mr. Li's Companies**") (i) certain car parking lots situated in residential and commercial properties managed by us for sub-leasing to residents and tenants in those residential and commercial properties; and (ii) certain public areas in the commercial properties held by Mr. Li's Companies and managed by us for commercial use, including but not limited to advertisement and provision of car wash services. The Master Commercial Properties Lease Agreement has a term commencing from 1 January 2024 until 31 December 2026.

The maximum annual fee payable by us under the Master Commercial Properties Lease Agreement for the three years ended 31 December 2024 will not exceed RMB81.00 million, RMB81.00 million and RMB81.00 million, respectively. For the year ended 31 December 2024, the Group's fees paid for the Master Commercial Properties Lease Agreement amounted to RMB41.29 million.

As at 31 December 2024, as Mr. Li is one of our Controlling Shareholders and is therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Commercial Properties Lease Agreement constituted continuing connected transactions for our Company under Chapter 14A of the Listing Rules.

7. *Master Construction Material Trading Agreement*

On 2 February 2024, our Company (for ourselves and on behalf of our other subsidiaries) entered into a master construction material trading agreement (the "**Master Construction Material Trading Agreement**") with Mr. Li, pursuant to which our Group agreed to provide assistance to the supply of construction materials (including but not limited to wires and cables, ceramic tiles and wooden flooring) ("**Construction Material Trading**"). The Master Construction Material Trading Agreement has a term commencing from 1 January 2024 until 31 December 2026.

The maximum annual fee payable by Mr. Li's Companies in relation to the Construction Material Trading for the three years ended 31 December 2026 will not exceed RMB25.00 million, RMB27.00 million and RMB33.00 million, respectively. For the year ended 31 December 2024, the fees charged by the Group for the Construction Material Trading amounted to RMB21.83 million[Note].

As at 31 December 2024, as Mr. Li is one of our Controlling Shareholders and is therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Construction Material Trading Agreement constituted continuing connected transactions for our Company under Chapter 14A of the Listing Rules.

*Note:* The fees charged for the Construction Material Trading in 2023 were accounted for using the full amount method, and from 2024, the fees charged were accounted for using the net amount method.

8. *Master Intelligent Community Services Agreement*

On 2 February 2024, our Company (for ourselves and on behalf of our other subsidiaries) entered into a master intelligent community services agreement (the "**Master Intelligent Community Services Agreement**") with Mr. Li, pursuant to which our Group agreed to provide assistance to the supply of (a) intelligent community technical blueprints; (b) services of intelligent community software development and testing, production environment software and hardware debugging, property project on-site software and hardware debugging; and (c) services of on-site electronic equipment installation, joint testing and handover of property project management personnel for property projects ("**Intelligent Community Services**"). The Master Intelligent Community Services Agreement has a term commencing from 1 January 2024 until 31 December 2026.

The maximum annual fee payable by Mr. Li's Companies in relation to the Intelligent Community Services for the three years ended 31 December 2026 will not exceed RMB42.00 million, RMB53.00 million and RMB56.00 million, respectively. For the year ended 31 December 2024, the fees charged by the Group for the Intelligent Community Services amounted to RMB28.80 million.

As at 31 December 2024, as Mr. Li is one of our Controlling Shareholders and is therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Intelligent Community Services Agreement constituted continuing connected transactions for our Company under Chapter 14A of the Listing Rules.

As at 31 December 2024, as Mr. Li is one of our Controlling Shareholders and is therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Apartment Properties Lease Agreement constituted continuing connected transactions for our Company under Chapter 14A of the Listing Rules.

During the Reporting Period and pursuant to Rule 14A.55 of the Listing Rules, our independent non-executive Directors have reviewed the above non-exempt continuing connected transactions and have confirmed that such 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) on terms that are fair and reasonable and in a manner that is in the overall interests of the Company and its shareholders.

For the purpose of Rule 14A.56 of the Listing Rules, the Company's auditors were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have issued their letter containing the findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules, and concluded that such transactions:

(1) have been approved by the Board;

(2) have followed the pricing policies of the Group in all material aspects, if they involve the goods or services provided by the Group;

(3) were conducted in accordance with the relevant agreements for such transactions in all material aspects; and

(4) have an aggregate amount not exceeding the relevant cap disclosed in Prospectus.

The related party transactions mentioned in note 34 to the consolidated financial statements constitute the connected transactions or continuing connected transactions of the Company as defined in Chapter 14A of the Listing Rules, and are in compliance with the disclosure requirements under Chapter 14A of the Listing Rules.

Save as disclosed in this annual report, there were no connected transactions or continuing connected transactions which are required to be disclosed by the Company during the Reporting Period in accordance with the provisions concerning the disclosure of connected transactions under Chapter 14A of the Listing Rules.

## CHARITABLE DONATIONS

The Group made no charitable donations and other donations during the Reporting Period.

## MATERIAL LEGAL PROCEEDINGS

During the Reporting Period, except for the litigation involving Beijing Global Wealth Property Management Co., Ltd., a non wholly-owned subsidiary of the Company, has been disclosed in the announcement of the Company on 21 July 2023, to the best knowledge of the Directors, there is no material legal proceeding or claim which is threatening against the Company.

## PERMITTED INDEMNITY PROVISIONS

During the Reporting Period and up to the date of this annual report, there were no permitted indemnity provisions which were or are currently in force, and are beneficial to the Directors (whether they were entered into by the Company or others) or any directors of the Company's connected companies (if they were entered into by the Company). The Company has purchased appropriate directors' and officers' liability insurance for its Directors and senior staff.

## AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") has, together with the senior management and the external auditor of the Company, reviewed the accounting principles and practices adopted by our Group as well as the audited consolidated financial statements for the year ended 31 December 2024.

## CORPORATE GOVERNANCE

The Company is committed to maintaining high level of corporate governance practices. Information about the corporate governance practices adopted by the Company are set out in the corporate governance report on pages 57 to 73 in this annual report.

## PUBLIC FLOAT

Based on the information publicly available to the Company and to the best of our Directors' knowledge, information and belief, the Company has maintained sufficient public float as approved by the Stock Exchange and as permitted under the Listing Rules during the entire period from the Listing Date to the date of this annual report.

## AUDITORS

KPMG is appointed as auditor of the Company for the year ended 31 December 2024. KPMG has audited the accompanying financial statements which were prepared in accordance with the HKFRS. There has been no change in the auditors of the Company from the Listing Date to the date of this annual report.

The consolidated financial statements for the year ended 31 December 2024 have been audited by KPMG, who will retire and, being eligible, offer themselves for reappointment at the 2025 AGM. A resolution for re-appointment of KPMG as the independent auditor of the Company will be proposed at the 2025 AGM.

By Order of the Board
*Chairman*
**Li Xiaoping**

Hong Kong, 26 March 2025

The Board is pleasured to present the Corporate Governance Report of the Company during the year ended 31 December 2024 (the "**Year**").

## CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules as its own corporate governance code. The Company has complied with all applicable code provisions under the CG Code in force during the year ended 31 December 2024, and the Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

## MODEL CODE FOR SECURITIES TRANSACTIONS CONDUCTED BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding securities transactions conducted by Directors. After making specific enquiries to all Directors, each of them has confirmed that they have complied with the required standards set out in the Model Code during the Year.

## BOARD OF DIRECTORS

### Responsibilities

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

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

The Company has arranged appropriate insurance coverage in respect of liability arising from legal action against its Directors, and will conduct annual review on such insurance coverage.

# Corporate Governance Report

## Composition of the Board of Directors

During the Year, the Board comprised two executive Directors, two non-executive Directors and three independent non-executive Directors as set out below:

*Executive Directors:*

Mr. Li Xiaoping *(Chairman)*
Mr. Yang Zhidong

*Non-executive Directors:*

Ms. Guo Ying
Mr. Wang Yinhu

*Independent non-executive Directors:*

Professor Cui Haitao *(appointed on 22 March 2024)*
Mr. Kam Chi Sing
Ms. Liu Xiaolan
Mr. Huang Mingxiang *(resigned on 22 March 2024)*

The biographies of the Directors on the Board as at the date of this report are set out in section headed "Directors and Senior Management" in this annual report.

## Board Diversity Policy

In order to enhance the effectiveness of our Board and to maintain high standard of corporate governance, the Company has adopted the board diversity policy which sets out the objectives and approach to achieve and maintain diversity on our Board. Pursuant to the board diversity policy, the Company seeks to achieve the diversity of the Board through the consideration of a number of factors when selecting the candidates to our Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural, educational background, ethnicity and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board.

The board diversity policy is summarized as follows:

Our Board has adopted a board diversity policy which sets out the approach to achieve diversity on our Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in supporting the attainment of our Company's strategic objectives and sustainable development. Our Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to talents, skills, gender, age, cultural and educational background, ethnicity, professional experience, independence, knowledge and length of service. We will continue to implement measures and steps to promote and enhance gender diversity at all levels of our Company. We will select potential Board candidates based on merit and his/her potential contribution to our Board while taking into consideration our own business model and specific needs from time to time. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on our Board.

Our Board comprises of seven members, including two female Directors. Our Directors also have a balanced mix of knowledge, skills and experience, including property operation and management, marketing, finance and investment. They obtained degrees in various majors including economics, laws, business administration, and management. Furthermore, our Board has a wide range of age, ranging from 48 years old to 67 years old. We have taken and will continue to take steps to promote gender diversity at all levels of our Company, including but without limitation at our Board and senior management levels. Taking into account our business model and specific needs as well as the presence of two female Directors out of a total of seven Board members, we consider that the composition of our Board satisfies our board diversity policy.

With regards gender diversity on the Board, our board diversity policy further provides that our Board shall take opportunities to increase the proportion of female members over time when selecting and making recommendations on suitable candidates for Board appointments. We will also ensure that there is gender diversity when recruiting staff at mid to senior level so that we will have a pipeline of female senior management and potential successors to our Board going forward. It is our objective to maintain an appropriate balance of gender diversity with reference to the stakeholders' expectation and international and local recommended best practices.

The Nomination Committee is responsible for ensuring the diversity of our Board members. The Nomination Committee will review our board diversity policy from time to time to ensure its continued effectiveness and we will disclose the implementation of our board diversity policy in our corporate governance report on an annual basis. During the year ended 31 December 2024, the Board, through the Nomination Committee, has reviewed the implementation and effectiveness of our board diversity policy and confirm that the Board has an appropriate mix of skills and experience to deliver the Company's strategy.

Save as disclosed in the biographies of the Directors as set out in the section headed "Directors and Senior Management" of this annual report, none of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Directors or any chief executive.

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

As regards the code provision under the CG Code requiring directors to disclose the number and nature of offices held in public companies or 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.

As of the date of this report, the male-to-female ratios of the Board and workforce are set out as follows:

| Gender | Board of Directors | Senior management | Total number of employees |
|---|---|---|---|
| Male | 71% | 50% | 59% |
| Female | 29% | 50% | 41% |

## Training and Continuous Professional Development

Based on the above, the Company considers that gender diversity is achieved in the Board and in its workforce generally.

Under the code provision C.1.4 of Part 2 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

The Company encourages continuous professional development training for all the Directors, and provides them with necessary training and information to ensure that they have a proper understanding of the Company's operations and businesses as well as their responsibilities under relevant statutes, laws, rules and regulations. The 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 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. In addition, the company secretary of the Company updates and provides all the Directors with written training materials in relation to their roles, functions and duties from time to time.

According to the information provided by the Directors and the filing records of the company secretary, the records of trainings received by them during the Year are summarized as follows:

| Director | Training |
|---|---|
| Mr. Li Xiaoping | ✓ |
| Mr. Yang Zhidong | ✓ |
| Ms. Guo Ying | ✓ |
| Mr. Wang Yinhu | ✓ |
| Professor Cui Haitao *(appointed on 22 March 2024)* | ✓ |
| Mr. Kam Chi Sing | ✓ |
| Ms. Liu Xiaolan | ✓ |
| Mr. Huang Mingxiang *(resigned on 22 March 2024)* | ✓ |

## Chairman and General Manager

Under the code provision C.2.1 of Part 2 of the CG Code, the roles of chairman of the Board and chief executive officer should be separate and should not be performed by the same individual. Mr. Li Xiaoping acts as the chairman of the Board, and Ms. Guo Ying acts as the General Manager, and the two different positions are clearly defined by their respective functions. The chairman of the Board is responsible for providing overall strategic planning and major business decisions of our Group, while the General Manager is responsible for implementing the strategies and daily operations of the Group.

## Independent Non-executive Directors

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

The Company has also complied with Rule 3.10A of the Listing Rules, which relates to the appointment of independent non-executive Directors representing at least one-third of the Board.

Each of the independent non-executive Directors has confirmed his/her independence and the Company confirms that it still considers each of them to be independent.

In addition to regular Board meetings, the chairman has held meeting(s) with the independent non-executive Directors without the presence of other directors.

## Appointment and Re-election of Directors

Each of our executive Directors has entered into a service agreement with our Company for a term of three years commencing from 2024 to 2026, which may be terminated by not less than three months' notice in writing served by either party on the other.

Each of our non-executive Directors and our independent non-executive Directors has entered into a letter of appointment with our Company for a term of three years commencing from 2024 to 2026, which may be terminated by not less than three months' notice in writing served by either party on the other.

Professor Cui Haitao was appointed as an independent non-executive Director on 23 March 2024, and had obtained legal advice referred to under Rule 3.09D of the Listing Rules before his appointment became effective. He obtained the legal advice on 21 March 2024 and Professor Cui has confirmed he understood his obligations as a Director.

Pursuant to the Articles of Association, at each AGM, one-third of the Directors for the time being (or, if the number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an AGM at least once every three years. A retried director is eligible for re-election and shall continue to act as the Director throughout the meeting at which his/her retires.

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

## Board Meetings

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

For other Board meetings and Board Committee meetings, reasonable notice is generally given by the Company. The agenda and accompanying Board papers are despatched at least three days before the Board meetings or Board Committee meetings to ensure that the Directors have sufficient time to review the papers and be adequately prepared for the meetings. When Directors or committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting. Minutes of meetings shall be kept by the company secretary with copies circulated to all Directors for information and records.

The following table sets forth the attendance of each Director at the Board meetings and the general meeting of the Company held during the Year:

| | **Number of meetings attended/number of meetings held during the year ended 31 December 2024** | | | | | | |
|---|---|---|---|---|---|---|---|
| **Director** | **Board meeting** | **Audit Committee meeting** | **Nomination Committee meeting** | **Remuneration Committee meeting** | **Annual general meeting** | **Extraordinary general meeting** | **Strategy and ESG Committee meeting** |
| Mr. Li Xiaoping | 5/5 | N/A | 2/2 | 1/1 | 1/1 | 2/2 | 1/1 |
| Mr. Yang Zhigong | 5/5 | N/A | N/A | N/A | 1/1 | 2/2 | N/A |
| Ms. Guo Ying | 5/5 | 3/3 | N/A | N/A | 1/1 | 2/2 | 1/1 |
| Mr. Wang Yinhu | 5/5 | N/A | N/A | N/A | 1/1 | 1/2 | 1/1 |
| Professor Cui Haitao *(appointed on 22 March 2024)* | 3/5 | 2/3 | 1/2 | 1/1 | 1/1 | 2/2 | N/A |
| Mr. Huang Mingxiang *(resigned on 24 March 2024)* | 2/5 | 0/3 | 1/2 | 0/1 | 0/1 | 0 | N/A |
| Mr. Kam Chi Sing | 5/5 | 3/3 | 2/2 | 1/1 | 1/1 | 2/2 | N/A |
| Ms. Liu Xiaolan | 5/5 | 3/3 | 2/2 | 1/1 | 1/1 | 2/2 | 1/1 |

## 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. According to code provision B.1.4 of Part 2 the CG Code, our Company has hired independent agents and director could have recourse to seek independent professional advice from such agents in performing their duties at the Company's expense. Directors are encouraged to access and to consult with the Company's senior management independently.

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

During the Reporting Period, the following mechanisms are in place and remain effective in ensuring independent views and input are available to the Board:

- A sufficient number of three independent non-executive Directors (representing more than one third of the Board) having extensive experience and in-depth knowledge continuing to provide independent views and input to the Board on the business affairs of the Company.

- The Nomination Committee assesses the independence of each independent non-executive Directors on an annual basis and the reappointment of any independent non-executive Director is subject to the approval at the annual general meeting by way of ordinary resolution.

- Policy and procedures are in place to avoid any potential conflict of interests. Any Director who has a material interest in any transaction relating to the Company shall abstain from voting on any Board resolution approving the same matter.

- Each Director is required to ensure that he/she can give sufficient time and attention to the affairs of the Company and contribute to the development of the Company's strategy and policies through independent, constructive and informed comments.

- The Board and its committees are entitled to seek independent professional advice on issues relevant to the Company from external professional consultants and advisors as deemed necessary.

### Corporate Governance Function

The Board recognizes that corporate governance should be the collective responsibility of the Directors, which includes:

(a) to review and monitor the Company's policies and practices in complying with legal and regulatory requirements;

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

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

(d) to develop and review the Company's corporate governance policies and practices and make recommendations and report on related issues to the Board;

(e) to review the Company's compliance with the CG Code and the disclosures in the Corporate Governance Report;

(f) to review and monitor the Company's compliance with its whistle blowing policy.

## BOARD COMMITTEES

### Audit Committee

The Audit Committee currently comprises Ms. Guo Ying, a non-executive Director, and Professor Cui Haitao, Mr. Kam Chi Sing and Ms. Liu Xiaolan, independent non-executive Directors. Mr. Kam Chi Sing serves as the Chairman of the Audit Committee.

The major duties of the Audit Committee are as follows:

1. to be primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditors, to approve the remuneration and terms of engagement of the external auditors, and to deal with any questions of their resignation or dismissal;

2. to review the Company's financial information, to monitor the integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them;

3. to monitor the Company's financial reporting system, risk management and internal control systems, to review the Company' financial controls, and the Company's risk management and internal control systems, and to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems; and

4. to perform the Company's corporate governance procedures, to develop and review the Company's policies and practices on corporate governance, and to make recommendations to the Board.

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

The Audit Committee held 3 meetings during the Year and fulfilled the responsibilities above. The attendance records of each member of the Audit Committee are set out in the section headed "Board Meetings" above. For the year ended 31 December 2024, the Audit Committee of the Group has reviewed the interim and annual financial results and reports and the risk management and internal control systems, supervised the effectiveness of the issuer's internal audit function, and its other duties under the CG Code.

The Audit Committee has held meeting(s) with the auditors without the presence of the management and executive Directors.

## Nomination Committee

The Nomination Committee currently comprises Mr. Li Xiaoping, an executive Director, and Professor Cui Haitao, Mr. Kam Chi Sing and Ms. Liu Xiaolan, independent non-executive Directors. Mr. Li Xiaoping serves as the Chairman of the Nomination Committee.

The major duties of the Nomination Committee are as follows:

1. to review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's strategy;

2. to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

3. to assess the independence of independent non-executive Directors;

4. to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the chief executive; and

5. to review the Board diversity policy and the measurable objectives and achievements of these objectives set by the Board from time to time.

The Nomination Committee evaluates the candidate or incumbent based on the criteria of integrity, experience, skills, and time and effort devoted to the performance of their duties. The recommendations of the Nomination Committee will then be put to the Board for decision. The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

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

The Nomination Committee held 2 meetings during the Year and fulfilled the responsibilities above. The attendance records of each member of the Nomination Committee are set out in the section headed "Board Meetings" above. As of 31 December 2023, the Nomination Committee of the Group has reviewed the independence of the independent non-executive Directors and structure, size and composition of the Board.

## Remuneration Committee

The Remuneration Committee currently comprises Mr. Li Xiaoping, an executive Director, and Professor Cui Haitao, Mr. Kam Chi Sing and Ms. Liu Xiaolan, independent non-executive Directors. Professor Cui Haitao serves as the Chairman of the Remuneration Committee.

According to code provision E.1.2(c)(ii) of Part 2 of CG Code, the model adopted by the Group's Remuneration Committee is: to make recommendations to the Board on the remuneration packages of individual executive directors and senior management.

The major duties of the Remuneration Committee are as follows:

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

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

3. to make recommendations to the Board on the remuneration of non-executive Directors; and

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

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

The Remuneration Committee held 2 meetings during the Year and fulfilled the responsibilities above. The attendance records of each member of the Remuneration Committee are set out in the section headed "Board Meetings" above. As of 31 December 2024, the Remuneration Committee has reviewed and made recommendation to the Board on the remuneration policy and structure of all the Directors and senior management of the Company.

## Strategy and ESG Committee

The Strategy and ESG Committee comprises Mr. Li Xiaoping, an executive Director, Ms. Guo Ying and Mr. Wang Yinhu, non-executive Directors, and Ms. Liu Xiaolan, an independent non-executive Director. Mr. Li Xiaoping serves as the Chairman of the Strategy and ESG Committee.

The major duties of the Strategy and ESG Committee are as follows:

1. to assist the Board in formulating and evaluating the Company's medium and long-term strategic goals and implementation plans;

2. to study and make recommendations to the Board on the Company's overall development strategy, business segment development strategy and major investment decision-making;

3. to assist the Board in formulating the strategic goals of environmental, social and governance ("**ESG**") and implementation plans, and lead the ESG working group at the business level;

4. to supervise the implementation of ESG strategy and the progress of target achievement, assess the potential impact of ESG work on the Company's business model and related risks, listen to internal and external feedback on ESG work, and put forward improvement proposals on the next step of ESG work;

5. to evaluate the effectiveness and impact of the ESG, promote the establishment of an ESG culture, and review the Company's ESG report;

6. to review and assess the implementation of the above matters and make timely recommendations for adjustments; and

7. If the responsibilities of the Strategy and ESG Committee overlap with those of other committees under the Board (being the Audit Committee, the Remuneration Committee and the Nomination Committee), the relevant responsibilities should continue to be performed by the other committees under the Board.

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

The Strategy and ESG Committee held 1 meeting during the Year and fulfilled the responsibilities above. The attendance records of each member of the Strategy and ESG Committee are set out in the section headed "Board Meetings" above. As of 31 December 2024, the Strategy and ESG Committee has reviewed and made recommendation to the Board on the Company's strategic goals and ESG strategic implementation plans.

## Remuneration of Directors and Senior Management

Pursuant to code provision E.1.5 of Part 2 of the CG Code, for the year ended 31 December 2024, details of the remuneration of the Senior Management are set out below:

| Remuneration band of Senior Management | Number of individuals |
|---|---|
| HK$1,000,001 – HK$1,500,000 | 1 |
| HK$2,500,001 – HK$3,000,000 | 2 |

## 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 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management has provided the Board of the Company with such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company has provided all members of the Board with monthly updates on the performance and prospects of the Company.

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 auditors regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 74 to 80 of the annual report.

## RISK MANAGEMENT AND INTERNAL CONTROL

The risk management and internal control systems is a four-level structure comprising the Board, the Audit Committee, the Senior Management and the risk control department.

The Board acknowledges that it is the responsibility of the Board for maintaining adequate risk management and internal control systems to (i) safeguard the investments of Shareholders and assets of the Company and avoid inappropriate use or disposal; (ii) comply with relevant laws, rules or regulations; and (iii) keep reliable financial and accounting records in accordance with relevant reviewing standards and regulatory reporting requirements and review the effectiveness of such systems on an annual basis. Risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has authorized the Audit Committee to take charge of the on-going monitoring of the Group's risk management and internal control system as well as the annual review of its effectiveness. Such review covers all material control aspects, including financial control, operation control and compliance control. As disclosed in the terms of reference of the Audit Committee, the Audit Committee is responsible for monitoring the Company's risk management and internal control systems, oversees the risk management process and review the effectiveness of the risk management and internal control systems through the following procedures:

- To review the Company's risk management procedures and policy;
- To discuss with the Senior Management about the compliance with risk management policy at least each year;
- To discuss with the Senior Management about major risks faced by the Company, evaluate, together with the Senior Management, the measures taken or to be taken to cope with these risks at least each year;
- To continuously review the effectiveness of the Company's risk management practices.

The Senior Management is responsible for managing the Company's risk management procedures, to ensure compliance with the risk management policy after considering the environmental changes and risk-taking capacity of the Company. Responsibilities of Senior Management include:

- To design and implement the risk management policy across the Company;
- To timely review and update the risk management policy based on the operating and risk structure of the environment, industry and the Company, to ensure its pertinence and efficiency, and make recommendations about the changes in risk management policy, if necessary, to the Audit Committee for review;
- To ensure supplementary relationship between the risk management procedures and annual strategy & business planning procedures of the Company;
- To design and establish a whole set of risk management methodology for providing an appropriate tools to identify, evaluate and manage the business risks;
- To establish a company-wide reporting system and ensure that the Senior Management, the Audit Committee and the Board are aware of all significant risk matters and business risks;
- To ensure that necessary management controls and oversight procedures have been taken to monitor the implementation of risk management policy and the risk management methodology;
- To approve and control the positioning and trend of major risks, risk management strategies and risk management priority rating;
- To review and discuss the Company's overall risk structure, major and emerging risks and risk management activities by discussing with the Senior Management on a regular basis; and
- To review the principal business strategies and plans to evaluate their impact on the Company's overall risk positioning.

## Risk Management Procedures

Apart from the oversight responsibilities of the Board, the Company also develops the risk management procedures for identifying, evaluating and managing major risks and solving the significant internal control deficiencies (if any). The Senior Management is responsible for reporting the risks annually through the risk control department. Members of the risk control department could meet several members of the Senior Management to review and evaluate the risks, discuss about the solutions for significant internal control deficiencies (if any), including any changes in annual suitability, aggregation and rating of risks, and development of risk mitigation plans. Several members of the Senior Management could review the risk evaluation and submit it to the Audit Committee and the Board for their review.

The Board and Senior Management could evaluate the risks based on (i) severity of impact of risks on the Company's financial results; (ii) probability of risk occurrence; and (iii) possible rate or speed of risk occurrence. The main features of the Company's risk management and internal control structure include: (i) exclusive departments are designated to be responsible for the implementation and execution of the Company's risk management and internal control system and heads of major operating divisions or departments are in charge of the management and mitigation of identified risks; (ii) the Management ensures appropriate measures have been taken in relation to significant risks that may affect the Group's business and operation; and (iii) risk control department provides independent confirmation to the management and Audit Committee on the effectiveness of risk management and internal control. During the Reporting Period, the Company guarantees the compliance with the risk management and internal control provisions of the CG Code. During the annual review of risk management and internal control systems, the Board confirms that the Company has sufficient resources, qualification and experience in accounting, internal audit and financial reporting functions.

## Risk Control Department

The risk control department of the Group plays an important role in monitoring the internal governance of the Company. The major duties of the Risk Control Department are to review the financial position and internal control of the Company, and to conduct regular and comprehensive reviews on all the branches and subsidiaries of the Company. The Company's compliance function is in the charge of the risk control department, and a retainer legal consultant has been appointed to make judgments on compliance, approval, and whether disclosure is involved during course of business, and provide opinions to the management and make relevant notifications to the information disclosure department.

## Internal audit

The Group complies with the relevant requirements of the Listing Rules, and sets up an internal audit department to perform the internal audit function. The department supervises and evaluates the establishment and improvement of the Group's internal monitoring system and whether it is effectively implemented, and provides relevant suggestions, which cover all important aspects of internal monitoring, including financial monitoring, operational monitoring, compliance monitoring and risk management.

## Inside Information

With regard to any exceptional significant events that may affect the share price or transaction volume, the Board evaluates the possible impact, and determine whether such information falls within the scope of inside information as stipulated in Rules 13.09 and 13.10 of the Listing Rules and Part XIVA of the SFO, and whether it is necessary to make disclosure as soon as feasibly practicable. Executive Directors and the Joint Company Secretary are also responsible for approving the announcements and/or circulars the Board delegates the Company to publish from time to time.

The Company has also promulgated the Information Disclosure Management System for internal use, in order to establish awareness of information disclosure among the employees and management of the Company and to regulate the behavior of information disclosure.

## AUDITORS' REMUNERATION

The approximate remuneration for the audit and non-audit services provided by the auditor to the Company during the relevant period is as follows:

| **Type of Services** | **RMB'000** |
|---|---|
| Audit services | 3,000 |
| Other services [Note] | 3,169 |
| Total | 6,169 |

*Note:* Other services mainly include statutory audit services for domestic subsidiaries in 2024 and, interim review services for the listed company in 2024.

From the Listing Date to the year ended 31 December 2024, the Company has not changed its auditors.

## JOINT COMPANY SECRETARIES

Mr. Jia Jie was appointed as one of our joint company secretaries on 6 January 2023. The biographical details of Mr. Jia is set out under the "Directors and Senior Management – Senior Management" of the annual report.

Mr. Cheung Kai Cheong Willie, another joint company secretary of the Company, is a senior manager of SWCS Corporate Services Group (Hong Kong) Limited, which is a company with the focus on providing the company secretary services. The primary contact person of Mr. Cheung in the Company is Mr. Jia.

During the year ended 31 December 2024, both Mr. Jia and Mr. Cheung have undertaken not less than 15 hours of relevant professional training, respectively, in compliance with Rule 3.29 of the Listing Rules.

## COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

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

The Company's AGM provides opportunity for the Shareholders to directly communicate with the Directors. The chairman of the Board and the chairmen of the Board Committees of the Company will attend the AGMs to answer Shareholders' questions. The auditor will also attend the AGMs to answer questions about the conduct of the audit, the preparation and content of the auditor's report, accounting policies and auditor's independence.

To promote effective communication, the Board adopts and regularly reviews its shareholders' communication policy to ensure its effectiveness, and considers its shareholders' communication policy to be effective and adequate. It aims at establishing a two-way relationship and communication between the Company and the Shareholders and sets up a website (http://www.excepm.com), where up-to-date information on the Company's business operations and development, financial information, corporate governance practices and other information are available for public access.

The Board regularly reviews shareholder communication policies to ensure their effectiveness and considers them to be effective and sufficient.

## SHAREHOLDERS' RIGHTS

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

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

## CONVENING AN EXTRAORDINARY GENERAL MEETING AND PUTTING FORWARD PROPOSALS

Pursuant to the Articles of Association, Shareholders may propose to convene the general meeting at any time it thinks appropriate. Any one or more members holding as at date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company (carrying the right of voting at general meetings of the Company) shall, at any times, have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting of the Company to be called by the Board for the transaction of any business specified in such request, and such meeting shall be held within two (2) months after the submission of such request. If, within twenty-one (21) days of such submission, the Board fails to proceed to convene such meeting the requisitionist himself/herself may do so in the same manner, and all reasonable expenses incurred by the requisitionist due to the Board's failure shall be reimbursed to the requisitionist by the Company.

Under the Companies Law of the Cayman Islands or the Articles of Association, there is no provision which would allow shareholders to propose a new resolution at the general meeting. Shareholders who wish to propose a resolution may request the Company to convene an extraordinary general meeting in accordance with the aforesaid procedures.

## ENQUIRIES TO THE BOARD

Shareholders who intend to put forward their enquiries about the Company to the Board may send their enquiries to the Investor Relations and Securities Affairs Department of the Company by sending an email to ir@exceam.com.

## CHANGES IN CONSTITUTIONAL DOCUMENTS

The Company adopted the Second Amended and Restated Memorandum and Articles of Association with effect from 14 June 2023. There was no change in the Memorandum and Articles of Association during the Relevant Period.

# Independent Auditor's Report

KPMG

**Independent auditor's report to the members of**
**Excellence Commercial Property & Facilities Management Group Limited**
*(Incorporated in the Cayman Islands with limited liability)*

## OPINION

We have audited the consolidated financial statements of Excellence Commercial Property & Facilities Management Group Limited ("**the Company**") and its subsidiaries ("**the Group**") set out on pages 81 to 162, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

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

## BASIS FOR OPINION

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

## KEY AUDIT MATTERS

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

## KEY AUDIT MATTERS *(continued)*

**Expected credit loss allowance for trade receivables**

*Refer to note 22 to the consolidated financial statements and the accounting policies note 2(l)(i).*

| The Key Audit Matter | How the matter was addressed in our audit |
| --- | --- |
| As at 31 December 2024, the net carrying amount of trade receivables of the Group is RMB1,465,550,000, which is made up of a gross amount of RMB1,706,855,000 and a loss allowance of RMB241,305,000. The net carrying amount of trade receivables represented 38.3% of the current assets of the Group.<br><br>The Group's trade receivables comprised mainly receivables from property owners, property developers and other parties.<br><br>The Group assessed the expected credit loss ("**ECL**") allowance for trade receivables based on estimated loss rates at the end of each reporting period, which take into account the Group's historical collection data, ageing profile of the receivables and existing market conditions.<br><br>We identified assessing the ECL allowance for trade receivables as a key audit matter because trade receivables is material to the Group and the assessment of the ECL allowance is inherently subjective and requires the exercise of significant management judgement. | Our audit procedures to assess the ECL allowance for trade receivables included the following:<br><br>• obtaining an understanding of and evaluating the design, implementation and operating effectiveness of key internal control over the assessment of the ECL allowance for trade receivables;<br><br>• evaluating the Group's policy for estimating the ECL allowance with reference to the requirements of the prevailing accounting standard;<br><br>• assessing the appropriateness of the estimated loss rates by examining historical collection data and changes in the ageing profile of trade receivables and evaluating whether the estimated loss rates are appropriately adjusted based on the current market conditions;<br><br>• assessing whether items in the trade receivables ageing report were categorised in the appropriate time band by comparing a sample of individual items with sales invoices and other relevant underlying documentation;<br><br>• re-performing the calculation of the ECL allowance as at 31 December 2024 based on the Group's ECL allowance policies; and<br><br>• assessing the disclosures in the consolidated financial statements in respect of ECL allowance for trade receivables with the reference to the requirements of the prevailing accounting standards. |

## KEY AUDIT MATTERS *(continued)*

**Assessment of potential impairment of goodwill**

*Refer to note 16 to the consolidated financial statements and the accounting policies note 2(l)(iii).*

| The Key Audit Matter | How the matter was addressed in our audit |
|---|---|
| As at 31 December 2024, the Group had total cost of goodwill balance amounting to RMB225,287,000 which was arisen from acquisitions in previous years. As at 31 December 2024, an accumulated impairment of RMB28,159,000 has been recognised.<br><br>Management performs annual impairment assessment of goodwill for each cash-generating unit ("**CGU**") to which goodwill have been allocated. The impairment assessment is carried out by management with the assistance of an external valuer, based on a discounted cash flow forecast for each CGU.<br><br>The preparation of discounted cash flow forecasts involves the exercise of significant management judgement, in particular in determining the appropriate short-term and terminal revenue growth rates, profit margin and discount rates. | Our audit procedures to assess potential impairment of goodwill included the following:<br><br>• evaluating the identification of the CGUs and the allocation of assets to that CGUs with reference to the requirements of the prevailing accounting standards;<br><br>• performing a retrospective review by comparing the forecast revenue and profit margin included in the prior year's discounted cash flow forecasts with the current year's performance to assess how accurate the prior year's discounted cash flow forecasts were and making enquiries of management as to the reasons for any significant variations identified and whether there is any indication of management bias;<br><br>• assessing the competence, capabilities and objectivity of the external valuer appointed by management;<br><br>• discussing future operating plans with management and challenging the reasonableness of the key assumptions adopted in the discounted cash flow forecasts, in particular in relation to short-term revenue growth rates and profit margin, by comparing these with historical results;<br><br>• with the assistance of our internal valuation specialists, evaluating the appropriateness of the methodology with reference to the requirements of the prevailing accounting standards and the reasonableness of the discount rates by benchmarking against other comparable companies in the same industry and challenging the reasonableness of terminal growth rates by comparing with historical economic results; |

## KEY AUDIT MATTERS *(continued)*

**Assessment of potential impairment of goodwill** *(continued)*

*Refer to note 16 to the consolidated financial statements and the accounting policies note 2(l)(iii).*

| The Key Audit Matter | How the matter was addressed in our audit |
|---|---|
| We identified the assessment of potential impairment of goodwill as a key audit matter because the assessment of the recoverable amount of CGUs can be inherently subjective and requires the exercise of significant management judgement and estimation which increases the risk of error or management bias. | • evaluating the sensitivity analysis prepared by management for each of the key assumptions adopted in the discounted cash flow forecasts to consider whether a reasonable variation in the assumption would materially affect the measurement of accounting estimate;<br><br>• testing the mathematical accuracy of the calculations of the goodwill impairment assessment if any; and<br><br>• assessing the disclosures in the consolidated financial statements in relation to impairment testing of goodwill with reference to the requirements of the prevailing accounting standards. |

## INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors 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 this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors 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. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

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

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

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

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

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

## AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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

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

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

The engagement partner on the audit resulting in this independent auditor’s report is Wong Chun Pong.

**KPMG**
*Certified Public Accountants*

8th Floor, Prince’s Building
10 Chater Road
Central, Hong Kong

26 March 2025

# Consolidated Statement of Profit or Loss

For the year ended 31 December 2024
*(Expressed in Renminbi)*

| | Note | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| **Revenue** | 4 | **4,232,236** | 3,926,808 |
| Cost of sales | | **(3,438,779)** | (3,180,117) |
| **Gross profit** | | **793,457** | 746,691 |
| Other revenue | 5(a) | **16,204** | 52,758 |
| Other net gain | 5(b) | **43,161** | 13,744 |
| Impairment losses on receivables, contract assets and financial guarantee issued | 6 | **(110,001)** | (96,696) |
| Selling and marketing expenses | | **(48,340)** | (45,521) |
| Administrative expenses | | **(260,156)** | (232,702) |
| **Profit from operations** | | **434,325** | 438,274 |
| Finance costs | 7(a) | **(2,255)** | (5,941) |
| Share of profits less losses of associates | 18 | **6,932** | 8,075 |
| Share of profits less losses of joint ventures | 19 | **498** | 2,403 |
| **Profit before taxation** | 7 | **439,500** | 442,811 |
| Income tax | 8 | **(104,526)** | (119,464) |
| **Profit for the year** | | **334,974** | 323,347 |
| **Attributable to:** | | | |
| Equity shareholders of the Company | | **312,091** | 302,688 |
| Non-controlling interests | | **22,883** | 20,659 |
| **Profit for the year** | | **334,974** | 323,347 |
| **Earnings per share (RMB cents)** | 11 | | |
| Basic | | **25.6** | 24.8 |
| Diluted | | **25.6** | 24.8 |

The notes on pages 88 to 162 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 32(d).

# Consolidated Statement of Profit or Loss And Other Comprehensive Income

For the year ended 31 December 2024
*(Expressed in Renminbi)*

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| **Profit for the year** | **334,974** | 323,347 |
| **Other comprehensive income for the year** | | |
| *Items that may be reclassified subsequently to profit or loss:* | | |
| Exchange differences on translation of financial statements of entities not using Renminbi ("**RMB**") as functional currency | **(1,008)** | 1,110 |
| **Total comprehensive income for the year** | **333,966** | 324,457 |
| **Attributable to:** | | |
| Equity shareholders of the Company | **311,083** | 303,798 |
| Non-controlling interests | **22,883** | 20,659 |
| **Total comprehensive income for the year** | **333,966** | 324,457 |

The notes on pages 88 to 162 form part of these financial statements.

# Consolidated Statement of Financial Position

*(Expressed in Renminbi)*

| | Note | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 13 | **52,936** | 52,129 |
| Right-of-use assets | 14 | **589,306** | – |
| Intangible assets | 15 | **287,857** | 334,912 |
| Goodwill | 16 | **225,287** | 243,515 |
| Interests in associates | 18 | **52,861** | 91,358 |
| Interests in joint ventures | 19 | **11,280** | 11,800 |
| Financial assets measured at fair value through profit or loss ("**FVPL**") | 20 | **–** | 121,699 |
| Deferred tax assets | 31(b) | **97,898** | 71,083 |
| | | **1,317,425** | 926,496 |
| **Current assets** | | | |
| Inventories | 21 | **295,338** | 96,762 |
| Contract assets | 27(a) | **1,728** | 33,442 |
| Trade and other receivables | 22 | **1,808,575** | 1,586,026 |
| Prepaid tax | 31(a) | **3,192** | 14,529 |
| Loans receivable | 23 | **629,449** | 317,907 |
| Financial assets measured at fair value through profit or loss ("**FVPL**") | 20 | **30,195** | – |
| Restricted deposits | 24 | **118,857** | 66,525 |
| Cash and cash equivalents | 25 | **935,434** | 2,156,703 |
| | | **3,822,768** | 4,271,894 |
| **Current liabilities** | | | |
| Bank loans | 26 | **–** | 22,000 |
| Contract liabilities | 27(b) | **145,758** | 175,235 |
| Trade and other payables | 28 | **944,354** | 1,101,261 |
| Financial guarantee issued | 29 | **72,433** | 72,433 |
| Lease liabilities | 30 | **8,852** | 9,014 |
| Current taxation | 31(a) | **97,686** | 72,016 |
| | | **1,269,083** | 1,451,959 |
| **Net current assets** | | **2,553,685** | 2,819,935 |
| **Total assets less current liabilities** | | **3,871,110** | 3,746,431 |

# Consolidated Statement of Financial Position

*(Expressed in Renminbi)*

| | Note | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Lease liabilities | 30 | 5,681 | 9,673 |
| Financial liabilities measured at fair value through profit or loss ("**FVPL**") | 20 | – | 5,091 |
| Deferred tax liabilities | 31(b) | 67,916 | 78,971 |
| | | 73,597 | 93,735 |
| **NET ASSETS** | | 3,797,513 | 3,652,696 |
| **CAPITAL AND RESERVES** | | | |
| Share capital | 32(a) | 10,479 | 10,479 |
| Reserves | | 3,717,773 | 3,567,561 |
| **Total equity attributable to equity shareholders of the Company** | 32(d) | 3,728,252 | 3,578,040 |
| **Non-controlling interests** | 32(d) | 69,261 | 74,656 |
| **TOTAL EQUITY** | | 3,797,513 | 3,652,696 |

Approved and authorised for issue by the board of directors on 26 March 2025.

**Li Xiaoping**
*Director*

**Yang Zhidong**
*Director*

The notes on pages 88 to 162 form part of these financial statements.

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2024
*(Expressed in Renminbi)*

| | | Attributable to equity shareholders of the Company | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Note | Share capital RMB'000 | Share premium RMB'000 | PRC Statutory reserves RMB'000 | Exchange reserve RMB'000 | Other reserves RMB'000 | Retained profits RMB'000 | Total RMB'000 | Non-controlling interests RMB'000 | Total equity RMB'000 |
| | | 32(a) | 32(b) | 32(c)(i) | 32(c)(ii) | | | | | |
| **At 1 January 2024** | | 10,479 | 2,941,553 | 267,384 | (143,271) | (57,326) | 559,221 | 3,578,040 | 74,656 | 3,652,696 |
| **Changes in equity for 2024:** | | | | | | | | | | |
| Profit for the year | | - | - | - | - | - | 312,091 | 312,091 | 22,883 | 334,974 |
| Other comprehensive income for the year | | - | - | - | (1,008) | - | - | (1,008) | - | (1,008) |
| Total comprehensive income for the year | | - | - | - | (1,008) | - | 312,091 | 311,083 | 22,883 | 333,966 |
| Disposal of subsidiaries | 34 | - | - | (12,099) | - | - | 12,099 | - | (11,832) | (11,832) |
| Dividend declared to non-controlling interests | | - | - | - | - | - | - | - | (16,446) | (16,446) |
| 2023 Final dividend declared in respect of the previous year | 32(d)(ii) | - | - | - | - | - | (75,569) | (75,569) | - | (75,569) |
| 2024 interim dividend declared in respect of the current year | 32(d)(i) | - | - | - | - | - | (85,302) | (85,302) | - | (85,302) |
| Appropriations to statutory surplus reserves | | - | - | 83,155 | - | - | (83,155) | - | - | - |
| | | - | - | 71,056 | (1,008) | - | 80,164 | 150,212 | (5,395) | 144,817 |
| **At 31 December 2024** | | 10,479 | 2,941,553 | 338,440 | (144,279) | (57,326) | 639,385 | 3,728,252 | 69,261 | 3,797,513 |

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2024
*(Expressed in Renminbi)*

| | | Attributable to equity shareholders of the Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Note | Share capital RMB'000 | Share premium RMB'000 | PRC Statutory reserves RMB'000 | Share option reserves RMB'000 | Exchange reserve RMB'000 | Other reserves RMB'000 | Retained profits RMB'000 | Total RMB'000 | Non-controlling interests RMB'000 | Total equity RMB'000 |
| | | 32(a) | 32(b) | 32(c)(i) | | 32(c)(ii) | | | | | |
| **At 1 January 2023** | | 10,479 | 2,941,553 | 186,405 | 16,200 | (144,381) | (57,326) | 538,565 | 3,491,495 | 97,804 | 3,589,299 |
| **Changes in equity for 2023:** | | | | | | | | | | | |
| Profit for the year | | – | – | – | – | – | – | 302,688 | 302,688 | 20,659 | 323,347 |
| Other comprehensive income for the year | | – | – | – | – | 1,110 | – | – | 1,110 | – | 1,110 |
| Total comprehensive income for the year | | – | – | – | – | 1,110 | – | 302,688 | 303,798 | 20,659 | 324,457 |
| Acquisitions of a subsidiary | | – | – | – | – | – | – | – | – | 13,539 | 13,539 |
| Dividend declared to non-controlling interests | | – | – | – | – | – | – | – | – | (57,262) | (57,262) |
| 2022 final dividend declared in respect of the previous year | 32(d)(ii) | – | – | – | – | – | – | (64,740) | (64,740) | – | (64,740) |
| 2023 interim dividend declared in respect of the current year | 32(d)(i) | – | – | – | – | – | – | (136,313) | (136,313) | – | (136,313) |
| Appropriations to statutory surplus reserves | | – | – | 80,979 | – | – | – | (80,979) | – | – | – |
| Net impact of forfeiture of share options | | – | – | – | (16,200) | – | – | – | (16,200) | (84) | (16,284) |
| | | – | – | 80,979 | (16,200) | 1,110 | – | 20,656 | 86,545 | (23,148) | 63,397 |
| **At 31 December 2023** | | 10,479 | 2,941,553 | 267,384 | – | (143,271) | (57,326) | 559,221 | 3,578,040 | 74,656 | 3,652,696 |

The notes on pages 88 to 162 form part of these financial statements.

# Consolidated Statement of Cash Flows

For the year ended 31 December 2024
*(Expressed in Renminbi)*

| | Note | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| **Operating activities** | | | |
| Cash used in operations | | (438,322) | (22,094) |
| Corporate Income Tax paid | 31(a) | (116,766) | (163,112) |
| **Net cash used in operating activities** | | (555,088) | (185,206) |
| **Investing activities** | | | |
| Proceed from disposal of subsidiaries incurred in prior year | | 10,000 | 100,000 |
| Net cash outflow from disposal of subsidiaries | 34 | (31,822) | – |
| Proceed from disposal of an associate | 18(b) | 36,426 | – |
| Payment for purchase of property, plant and equipment and intangible assets | | (16,706) | (14,579) |
| Payment for acquisition of right-of-use assets | 14 | (470,000) | – |
| Proceed from disposal of property, plant and equipment | | 2,955 | 625 |
| Dividend received from associates | | 9,003 | 1,230 |
| Payment for investments in associates | | – | (70,226) |
| Asset acquisitions, net of cash acquired | | (1,031) | – |
| Business combination through acquisition of subsidiaries, net of cash acquired | | – | (7,908) |
| Net cash (outflow)/inflow for purchase of wealth management products | | (29,255) | 331 |
| Interest received | | 8,242 | 34,594 |
| **Net cash (used in)/generated from investing activities** | | (482,188) | 44,067 |
| **Financing activities** | | | |
| Proceed from bank loans and other borrowings | 25(c) | 30,000 | 22,000 |
| Repayment of bank loans and other borrowings | 25(c) | (28,000) | (14,000) |
| Capital element of lease rentals paid | 25(c) | (12,538) | (17,645) |
| Interest element of lease rentals paid | 25(c) | (689) | (5,246) |
| Interest paid | 25(c) | (1,566) | (695) |
| Dividends paid to equity shareholders | | (160,871) | (201,053) |
| Dividends paid to non-controlling interests | | (9,321) | (51,057) |
| **Net cash used in financing activities** | | (182,985) | (267,696) |
| **Net decrease in cash and cash equivalents** | | (1,220,261) | (408,835) |
| **Cash and cash equivalents at 1 January** | 25(a) | 2,156,703 | 2,564,428 |
| **Effect of foreign exchange rate changes** | | (1,008) | 1,110 |
| **Cash and cash equivalents at 31 December** | 25(a) | 935,434 | 2,156,703 |

The notes on pages 88 to 162 form part of these financial statements.

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 1 GENERAL INFORMATION

Excellence Commercial Property & Facilities Management Group Limited (the "**Company**") was incorporated in the Cayman Islands on 13 January 2020 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as combined and revised) of the Cayman Islands. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") on 19 October 2020 ("**Listing Date**"). The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111 Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of property management services and related value-added services in the People's Republic of China (the "**PRC**"). The ultimate controlling company is Oriental Rich Holdings Group Limited ("**Oriental Rich**"). The ultimate controlling shareholder of the Company and its subsidiaries (together referred to as the "**Group**") is Mr. Li Wa ("**Mr. Li**" or the "**Ultimate Controlling Shareholder**").

## 2 MATERIAL ACCOUNTING POLICIES

### (a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

### (b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise the Group and the Group's interests in associates and joint ventures.

## 2 MATERIAL ACCOUNTING POLICIES *(continued)*

### (b) Basis of preparation of the financial statements *(continued)*

The financial statements are presented in RMB rounded to the nearest thousand. The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at fair value as explained in the accounting policies set out below:

– investments in financial instruments (see note 2(g)).

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

### (c) Changes in accounting policies

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to HKAS 1, *Presentation of financial statements – Classification of liabilities as current or non-current* ("**2020 amendments**") and amendments to HKAS 1, *Presentation of financial statements – Non-current liabilities with covenants* ("**2022 amendments**")

- Amendments to HKFRS 16, *Leases – Lease liability in a sale and leaseback*

- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 2 MATERIAL ACCOUNTING POLICIES *(continued)*

### (d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. 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.

For each business combination, the Group can elect to measure any non-controlling interests ("**NCI**") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and 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 NCI and the equity shareholders of the company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(l)).

### (e) Associates and joint ventures

An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

An interest in an associate or a joint venture is accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale). They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("**OCI**") of those investees, until the date on which significant influence or joint control ceases.

## 2 MATERIAL ACCOUNTING POLICIES *(continued)*

### (e) Associates and joint ventures *(continued)*

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture (after applying expected credit loss model to such other long-term interests where applicable (see note 2(l)(i)).

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

### (f) Business combination and goodwill

#### *(i) Business combinations involving entities not under common control*

Business combinations involving entities not under common control 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. Acquisition-related costs are expensed as incurred.

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 assumed in a business combination is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

#### *(ii) Goodwill*

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment (see note 2(l)).

## 2 MATERIAL ACCOUNTING POLICIES *(continued)*

### (g) Other investments in financial instruments

The Group's policies for investments in financial instruments, other than investments in subsidiaries, associates and joint ventures, are set out below:

Investments in financial instruments are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments. These investments are subsequently accounted for as follows, depending on their classification.

#### *(i) Non-equity investments*

Non-equity investments are classified into one of the following measurement categories:

– Amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see note 2(v)(ii)(a)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

– Fair value through other comprehensive income ("**FVOCI**") – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.

– FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

#### *(ii) Equity investments*

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income (see note 2(v)(ii)(c)).

## 2 MATERIAL ACCOUNTING POLICIES *(continued)*

### (h) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(k)(ii)) to earn rental income and/or for capital appreciation. This includes property that is being constructed or developed for future use as investment properties.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment loss (see note 2(l)(iii)). Rental income from investment properties is recognised in accordance with note 2(v)(ii)(b).

Depreciation is calculated to write off the costs of investment properties, using the straight-line method over their lease term typically over the lease term.

### (i) Property, plant and equipment

The following items of property, plant and equipment are stated at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses (see note 2(l)(iii)):

– right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest (see note 2(k)); and

– items of plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment, less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

| | |
|---|---|
| – Office equipment and furniture | 3–5 years |
| – Motor vehicles | 5 years |
| – Leasehold improvement | 3–5 years |
| – Machinery equipment | 3–5 years |
| – Other leased properties | Over the lease terms |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

## 2 MATERIAL ACCOUNTING POLICIES *(continued)*

### (j) Intangible assets (other than goodwill)

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see note 2(l)(iii)).

Expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

| | |
|---|---|
| – Software | 2–5 years |
| – Uncompleted property management contracts | *Note* |
| – Customer relationships | *Note* |

*Note:* Uncompleted property management contracts and customer relationships acquired in business combinations are recognised at fair value at the acquisition date. Amortisation is calculated using the straight-line method over the estimated contract lives of the respective property management contracts and customer relationships.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

### (k) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case 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.

#### *(i) As a lessee*

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items such as laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

## 2 MATERIAL ACCOUNTING POLICIES *(continued)*

### (k) Leased assets *(continued)*

#### *(i) As a lessee (continued)*

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

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 adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and 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, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(h), 2(i) and 2(l)(iii)).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost (see notes 2(g)(i) and 2(l)(i)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

## 2 MATERIAL ACCOUNTING POLICIES *(continued)*

### (k) Leased assets *(continued)*

#### *(ii) As a lessor*

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 2(v)(ii)(b).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in note 2(k)(i), then the Group classifies the sub-lease as an operating lease.

### (l) Credit losses and impairment of assets

#### *(i) Credit losses from financial instruments and contract assets*

The Group recognises a loss allowance for expected credit losses ("**ECL**"s) on:

– Financial assets measured at amortised cost (including cash and cash equivalents, restricted cash, loans receivable and trade and other receivables); and

– Contract assets (see note 2(n)).

Financial assets measured at fair value are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

– Fixed-rate financial assets, loans receivable, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof; and

– Variable-rate financial assets: current effective interest rate.

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

## 2 MATERIAL ACCOUNTING POLICIES *(continued)*

### (l) Credit losses and impairment of assets *(continued)*

#### *(i) Credit losses from financial instruments and contract assets (continued)*

Measurement of ECLs *(continued)*

ECLs are measured on either of the following bases:

– 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

– lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

– financial instruments that are determined to have low credit risk at the reporting date; and

– other financial instruments (including loan commitments issued) for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment.

The Group considers a financial asset to be in default when:

– the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

– the financial asset is 90 days past due.

## 2 MATERIAL ACCOUNTING POLICIES *(continued)*

### (l) Credit losses and impairment of assets *(continued)*

#### *(i) Credit losses from financial instruments and contract assets (continued)*

Significant increases in credit risk *(continued)*

ECLs are remeasured 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, except for investments in non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in OCI and accumulated in the fair value reserve (recycling) does not reduce the carrying amount of the financial asset in the statement of financial position (see note 2(g)).

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– significant decrease in property management and other service fees collection rate;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

– it is probable that the debtor will enter bankruptcy or other financial reorganisation; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or contract asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the asset becomes 3 years past due or when the Group otherwise determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

## 2 MATERIAL ACCOUNTING POLICIES *(continued)*

### (l) Credit losses and impairment of assets *(continued)*

#### *(ii) Credit losses from financial guarantees issued*

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "**holder**") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised at fair value. Such a contract is subsequently measured at the higher of the amount of the loss allowance and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the term of the guarantee.

The Group monitors the risk that the specified debtor will default on the contract and remeasures the above liability at a higher amount when ECLs on the financial guarantees are determined to be higher than the carrying amount in respect of the guarantees.

To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in note 2(l)(i) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

#### *(iii) Impairment of other non-current assets*

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than property carried at revalued amounts, investment property, inventories and other contract costs, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("**CGU**"s). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

## 2 MATERIAL ACCOUNTING POLICIES *(continued)*

### (l) Credit losses and impairment of assets *(continued)*

#### *(iii) Impairment of other non-current assets (continued)*

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### *(iv) Interim financial reporting and impairment*

Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(l)(i) and (iii)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

### (m) Inventories

Inventories are measured at the lower of cost and net realisable value as follows:

#### *(i) Properties held for sale*

Costs of purchased carparks are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### *(ii) Customised software*

The cost of customised software comprises all costs of materials, supplies, labour and other direct costs incurred during the production progress. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

## 2 MATERIAL ACCOUNTING POLICIES *(continued)*

### (m) Inventories *(continued)*

*(iii) Others*

Cost is determined on an individual item basis and comprises all costs of uninstalled equipments and other direct costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

### (n) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECLs (see note 2(l)(i)) and are reclassified to receivables when the right to the consideration becomes unconditional (see note 2(o)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue. A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see note 2(o)).

### (o) Trade and other receivables and loans receivable

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

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs.

All receivables are subsequently stated at amortised cost (see note 2(l)(i)).

### (p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL (see note 2(l)(i)).

### (q) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

## 2 MATERIAL ACCOUNTING POLICIES *(continued)*

### (r) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with note 2(x).

### (s) Employee benefits

#### *(i) Short-term employee benefits and contributions to defined contribution retirement plans*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

#### *(ii) Share-based payments*

The grant-date fair value of equity-settled share-based payments granted to employees is measured using the binomial lattice model. The amount is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

#### *(iii) Termination benefits*

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

### (t) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

## 2 MATERIAL ACCOUNTING POLICIES *(continued)*

### (t) Income tax *(continued)*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

– temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

– taxable temporary differences arising on the initial recognition of goodwill; and

– those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

### (u) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

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

## 2 MATERIAL ACCOUNTING POLICIES *(continued)*

### (v) Revenue and other income recognition

Income is classified by the Group as revenue when it arises from the provision of services in the ordinary course of the Group's business.

Further details of the Group's revenue and other income recognition policies are as follows:

*(i) Revenue from contracts with customers*

Except for the sale of materials supply services, the Group is the principal for its revenue transactions and recognises revenue on a gross basis. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products or services before they are transferred to the customer. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products or services.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax.

(a) Basic property management services

The Group recognises revenue in the amount to which the Group has the right to invoice based on the value of performance completed.

For basic property management service income arising from properties managed under lump sum basis, where the Group acts as principal, the Group entitles to revenue at the value of basic property management service fee received. For basic property management service income arising from properties managed under commission basis, where the Group acts as an agent of the property owners, the Group entitles to revenue at a pre-determined percentage or fixed amount of the basic property management service fees the property owners are obligated to pay.

(b) System or materials supply services

Revenue for system or materials supply service is recognised when the customer takes possession of and accepts the products or the installation service is rendered. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

## 2 MATERIAL ACCOUNTING POLICIES *(continued)*

### (v) Revenue and other income recognition *(continued)*

#### *(i) Revenue from contracts with customers (continued)*

(c) Engineering services

Engineering services are recognised 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. The amount of revenue recognised over time according to the measurement of progress towards complete satisfaction of a performance obligation.

*Output method*

For engineering services (including repair and maintenance services), 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.

*Input method*

For engineering services relating to equipment installation services, 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.

*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.

## 2 MATERIAL ACCOUNTING POLICIES *(continued)*

### (v) Revenue and other income recognition *(continued)*

#### *(i) Revenue from contracts with customers (continued)*

(d) Intelligent community services

The Group provides intelligent community solutions and sells intelligent hardware devices and software to property developers. Revenue for intelligent community service is recognised in point time when the smart devices are delivered and the services are rendered.

(e) Other value-added services

Other value-added services mainly include preliminary planning and design consultancy services, property leasing and sales agency services, public area leasing services, high-end services to senior executives of the corporate customers, administration and logistics support services to corporate customers, sales assistance services, sales agent services, office cleaning service, and canteen operation services. The Group recognises revenue as the services are provided based on the value of performance completed or services are rendered.

#### *(ii) Revenue from other sources and other income*

(a) Finance service and other interest income

Finance service income from micro-lending business and other interest income on loans is measured on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset. When a loan has been written down as a result of an impairment loss, finance service and other interest income is recognised using the rate of interest used to discount the future cash receipts for the purpose of measuring the impairment loss, i.e. the original effective interest rate.

(b) Rental income from operating leases

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(c) Dividends

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

(d) Government grants

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised initially as deferred income and amortised to profit or loss on a straight-line basis over the useful life of the asset by way of recognition in other revenue.

## 2 MATERIAL ACCOUNTING POLICIES *(continued)*

### (w) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Hong Kong dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Hong Kong dollars at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of subsidiaries that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognised, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

### (x) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

### (y) Asset acquisition

Groups of assets acquired and liabilities assumed are assessed to determine if they are business or asset acquisitions. On an acquisition-by-acquisition basis, the Group chooses to apply a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

## 2 MATERIAL ACCOUNTING POLICIES *(continued)*

### (z) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

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

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

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

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

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

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

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

(vi) The entity is controlled or jointly controlled by a person identified in (a).

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

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

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.

## 2 MATERIAL ACCOUNTING POLICIES *(continued)*

### (aa) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business.

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

## 3 ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty in the preparation of the financial statements are as follows:

### (a) Impairment for trade and other receivables and loans receivables

The Group estimates impairment losses for trade and other receivables by using expected credit loss models. Expected credit loss on these trade and other receivables are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

Where the expectation is different from the original estimate, such difference will impact the loss allowance of trade and other receivables in the periods in which such estimate has been changed.

For loans receivable, the measurement of impairment losses requires judgment, in particular, the estimation of the amounts and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk.

These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

## 3 ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

### (a) Impairment for trade and other receivables and loans receivables *(continued)*

The Group's ECL calculations on loans receivable are outputs of a model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's internal rating grade model, which assigns probabilities of default to the individual grades;
- The Group's criteria for assessing if there has been a significant increase in credit risk and the qualitative assessment;
- Development of ECL models, including the various formulas and the choice of inputs; and
- Determination of associations between the forecast economic conditions and the effect on probabilities of default, losses given default and exposures at default.

### (b) Impairment of non-current assets

If circumstances indicate that the carrying amounts of intangible assets and goodwill may not be recoverable, the assets may be considered impaired and are tested for impairment. An impairment loss is recognised when the asset's recoverable amount has declined below its carrying amount. The recoverable amount is the greater of the fair value less costs to sell and value in use. In determining the recoverable amount which requires significant judgements, the Group estimates the future cash flows to be derived from continuing use and ultimate disposal of the asset and applies an appropriate discount rate to these future cash flows.

### (c) Impairment of financial guarantee issued

The Group estimates impairment loss for financial guarantee issued by using expected credit loss models. Expected credit loss on financial guarantee issued is estimated based on expected additional interest and penalty to be incurred, expected timing of settlement of the loan and the valuation of the liquidation value of the pledged property at the reporting date.

Where the expectation is different from the original estimate, such difference will impact the loss allowance of financial guarantee issued in the periods in which such estimate has been changed.

### (d) Provision for inventories

The Group assesses the carrying amounts of inventories according to their net realisable value. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgement and estimates. Where the expectation is different from the original estimates, such difference will impact carrying value of the inventories and write-down on inventories charged to profit or loss in the period in which such estimate has been changed.

## 4 REVENUE AND SEGMENT REPORTING

### (a) Revenue

The principal activities of the Group are the provision of basic property management services, value-added services, finance service and other services. Further details regarding the Group's principal activities are disclosed in note 4(b).

*(i) Disaggregation of revenue*

Disaggregation of revenue from contracts with customers by each significant category for the year ended 31 December 2024 and 2023 recognised in the consolidated statement of profit or loss are as follows:

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| **Revenue from contracts with customers within the scope of HKFRS 15** | | |
| **Property management services** | | |
| Basic property management services | | |
| – Commercial property | 2,338,935 | 2,172,046 |
| – Public and industrial property | 591,728 | 477,422 |
| – Residential property | 688,753 | 571,892 |
| | 3,619,416 | 3,221,360 |
| Value-added services | 561,664 | 679,272 |
| Sales of carparks | 9,266 | – |
| | 4,190,346 | 3,900,632 |
| **Revenue from other sources** | | |
| Finance services income | 41,890 | 18,868 |
| Gross rental income from investment properties | – | 7,308 |
| | 41,890 | 26,176 |
| | 4,232,236 | 3,926,808 |

For the year ended 31 December 2024, the revenue from Excellence Real Estate Group Co., Ltd. ("卓越置業集團有限公司") and its subsidiaries (together, the "**Excellence Group**") and other related parties that included companies that were owned by or under significant influence of the Ultimate Controlling Shareholder and chairman of the board of the Company, amounting of RMB417,237,000 (2023: RMB589,312,000). The Group has a large number of customers in addition to Excellence Group, but none of them accounted for 10% or more of the Group's revenue during the year.

*(ii) Unsatisfied performance obligations*

The Group recognises revenue when the services are provided and recognises to which the Group has the rights to invoices and that corresponds directly with the value of performance completed. The Group has elected the practical expedient in paragraph 121 of HKFRS 15 for not to disclose the remaining performance obligations for these types of contracts that had an original expected duration of one year or less or are billed based on performance completed.

## 4 REVENUE AND SEGMENT REPORTING *(continued)*

### (b) Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments:

– Property management services: this segment mainly provides basic property management services, system or materials supply services and engineering services to property developers, property owners and tenants, and other value-added services to such customers, including asset services which includes preliminary property consulting services, property leasing and sales agency services, asset-light property operation services and space operation services, and corporate services.

– Finance services: this segment mainly provides micro-lending to small and medium enterprises, individual business proprietors and individuals.

– Other services: this segment mainly provides apartment rental services.

#### *(i) Segment results, assets and liabilities*

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible and intangible assets managed directly by the segments excluding prepaid tax, deferred tax assets and certain non-trade receivables due from related parties not attributable to the individual segments. Segment liabilities include interest-bearing borrowings, contract liabilities, trade and other payables, lease liabilities and other financial liability attributable to the operating activities of the individual segments and managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to revenues generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment profit includes the Group's share of profit arising from the activities of the Group's associates and joint ventures.

The measure used for reporting segment profit is profit before taxation excluding unallocated head offices and corporate expenses. In addition to receiving segment information concerning profit before taxation, management is provided with segment information concerning interest income and expense from cash balances and interest-bearing borrowings managed directly by the segments, depreciation and amortisation, impairment loss on trade and other receivables, loans receivable and contract assets in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

## 4 REVENUE AND SEGMENT REPORTING *(continued)*

### (b) Segment reporting *(continued)*

#### *(i) Segment results, assets and liabilities (continued)*

Disaggregation of revenue from contracts with customers, revenue from other sources as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2024 and 2023 is set out below.

| | Property management services | | Finance services | | Others | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2024 RMB'000 | 2023 RMB'000 | 2024 RMB'000 | 2023 RMB'000 | 2024 RMB'000 | 2023 RMB'000 | 2024 RMB'000 | 2023 RMB'000 |
| **Disaggregated by timing of revenue recognition** | | | | | | | | |
| Over time | 4,134,145 | 3,861,062 | 41,890 | 18,868 | - | 7,308 | 4,176,035 | 3,887,238 |
| Point in time | 56,201 | 39,570 | - | – | - | – | 56,201 | 39,570 |
| **Reportable segment revenue** | 4,190,346 | 3,900,632 | 41,890 | 18,868 | - | 7,308 | 4,232,236 | 3,926,808 |
| Inter-segment revenue | - | – | - | – | - | – | - | – |
| **Revenue from external customers** | 4,190,346 | 3,900,632 | 41,890 | 18,868 | - | 7,308 | 4,232,236 | 3,926,808 |
| **Reportable segment profit/(loss)** | 405,740 | 440,041 | 42,489 | (1,915) | - | 14,106 | 448,229 | 452,232 |
| Interest income from bank deposits and other financial institutions | 7,927 | 33,574 | 315 | 1,010 | - | 10 | 8,242 | 34,594 |
| Finance costs | (2,255) | (1,390) | - | (3) | - | (4,548) | (2,255) | (5,941) |
| Depreciation and amortisation | (79,779) | (71,583) | (352) | (352) | - | (8,682) | (80,131) | (80,617) |
| Reversals of/(impairment losses) on loans receivable | - | – | 5,173 | (13,085) | - | – | 5,173 | (13,085) |
| Impairment losses on trade and other receivables | (115,174) | (72,919) | - | – | - | – | (115,174) | (72,919) |
| Impairment losses on contract assets | - | (630) | - | – | - | – | - | (630) |
| Impairment loss on financial guarantee issued | - | (10,062) | - | – | - | – | - | (10,062) |
| **Reportable segment assets** | 4,356,980 | 4,780,308 | 681,950 | 332,294 | - | – | 5,038,930 | 5,112,602 |
| **Additions to non-current segment assets during the year** | 37,398 | 138,250 | - | – | - | – | 37,398 | 138,250 |
| **Reportable segment liabilities** | 872,220 | 1,391,733 | 304,358 | 2,399 | - | – | 1,176,578 | 1,394,132 |

Financial services business was disposed subsequent to year end (see Note 40(b)).

## 4 REVENUE AND SEGMENT REPORTING *(continued)*

### (b) Segment reporting *(continued)*

#### *(ii) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities*

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| **Consolidated revenue** *(Note 4(a))* | **4,232,236** | 3,926,808 |
| **Profit** | | |
| Reportable segment profit | **448,229** | 452,232 |
| Net foreign exchange loss | **(3,624)** | (4,586) |
| Unallocated head offices and corporate expenses | **(5,105)** | (4,835) |
| Consolidated profit before taxation | **439,500** | 442,811 |

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| **Assets** | | |
| Reportable segment assets | **5,038,930** | 5,112,602 |
| Prepaid tax | **3,192** | 14,529 |
| Deferred tax assets | **97,898** | 71,083 |
| Unallocated head office and corporate assets | **173** | 176 |
| Consolidated total assets | **5,140,193** | 5,198,390 |
| **Liabilities** | | |
| Reportable segment liabilities | **1,176,578** | 1,394,132 |
| Current taxation | **97,686** | 72,016 |
| Deferred tax liabilities | **67,916** | 78,971 |
| Unallocated head office and corporate liabilities | **500** | 575 |
| Consolidated total liabilities | **1,342,680** | 1,545,694 |

#### *(iii) Geographic information*

The major operating entities of the Group are domiciled in Chinese Mainland. Accordingly, majority of the Group's revenues were derived in Chinese Mainland during year ended 31 December 2024 and 2023.

As at 31 December 2024 and 2023, most of the non-current assets of the Group were located in Chinese Mainland.

## 5 OTHER REVENUE AND NET GAIN

### (a) Other revenue

| | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|
| Interest income from bank deposits and other financial institutions | **8,242** | 34,594 |
| Government grants *(Note)* | **7,022** | 17,691 |
| Others | **940** | 473 |
| | **16,204** | 52,758 |

*Note:* In 2024 and 2023, the government grants received by the Group are mainly related to subsidies for staff retention and taxation benefit of 10% additional deduction on value added tax in the industries of living services according to current policy in Chinese Mainland.

### (b) Other net gain

| | Note | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| Net gain from reduction in consideration of acquisition of Beijing Global *(Note)* | | **45,000** | – |
| Net gain on disposals of investment properties | | **–** | 15,379 |
| Net loss on disposals of subsidiaries | 34 | **(858)** | – |
| Fair value gain/(loss) on financial assets measured at FVPL | | **2,533** | (704) |
| Fair value gain on financial liabilities measured at FVPL | | **–** | 2,093 |
| Net foreign exchange loss | | **(3,624)** | (4,586) |
| Net gain on investment in wealth management products | | **940** | 331 |
| Net loss on disposals of property, plant and equipment | | **(37)** | (195) |
| Others | | **(793)** | 1,426 |
| | | **43,161** | 13,744 |

*Note:* In 2021, the Group entered into a sale and purchase agreement with independent third parties for the acquisition of 75% of equity interest in Beijing Global. In accordance with the sales and purchase agreement, one of the conditions of final payment of the consideration is that certain car parking lot rights should be assigned to Beijing Global. During the year, according to a final judgement of People's Court of Judge in Beijing, the rights of those car parking lot rights should belong to a third party instead of Beijing Global. Accordingly, the Group consider that the vendor should not be entitled to the final payment and the consideration was reduced and dealt with in profit or loss during the year.

## 6 IMPAIRMENT LOSSES ON RECEIVABLES, CONTRACT ASSETS AND FINANCIAL GUARANTEE ISSUED

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Impairment losses on trade and other receivables | **(115,174)** | (72,919) |
| Impairment loss on financial guarantee issued *(Note 29)* | **–** | (10,062) |
| Reversals of/(impairment losses) on loans receivable | **5,173** | (13,085) |
| Impairment losses on contract assets | **–** | (630) |
| | **(110,001)** | (96,696) |

*Note:* Further details on the Group's credit policy and credit risk arising from trade and other receivables, financial guarantee issued and loans receivable are set out in note 35(a).

## 7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

### (a) Finance costs

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Interests on bank loans *(Note 25(c))* | **1,566** | 695 |
| Interests on lease liabilities *(Note 25(c))* | **689** | 5,246 |
| | **2,255** | 5,941 |

### (b) Staff costs

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Salaries, wages and other benefits | **1,753,236** | 1,659,651 |
| Equity-settled share-based payment | **–** | (16,284) |
| Contributions to defined contribution scheme *(Note)* | **111,359** | 88,308 |
| | **1,864,595** | 1,731,675 |
| **Included in:** | | |
| – Cost of sales | **1,644,968** | 1,534,089 |
| – Selling and marketing expenses | **30,705** | 25,441 |
| – Administrative expenses | **188,922** | 172,145 |
| | **1,864,595** | 1,731,675 |

*Note:* Employees of the Group's Chinese Mainland subsidiaries are required to participate in a defined contribution scheme administered and operated by the local municipal governments. The Group's Chinese Mainland subsidiaries contribute funds which are calculated on certain percentages of the employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group has no other material obligation for the payment of retirement benefits associated with these schemes beyond the annual contributions described above.

## 7 PROFIT BEFORE TAXATION *(continued)*

### (c) Other items

| | Note | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| Depreciation and amortisation charges | | | |
| – Owned property, plant and equipment | 13 | **11,297** | 11,098 |
| – Right-of-use assets in property, plant and equipment | 13 | **12,553** | 11,827 |
| – Right-of-use assets of carpark | 14 | **9,292** | – |
| – Leasehold improvements for investment properties | 12 | **–** | 650 |
| – Right-of-use assets in investment properties | 12 | **–** | 7,931 |
| – Intangible assets | 15 | **46,989** | 49,111 |
| | | **80,131** | 80,617 |
| Variable lease payments not included in the measurement of lease liabilities | 14 | **49,210** | 72,476 |
| Subcontracting costs | | **685,320** | 546,267 |
| Auditor's remuneration | | | |
| – Audit services | | **3,000** | 3,000 |
| – Other services | | **3,169** | 2,790 |
| | | **6,169** | 5,790 |
| Cost of inventories | | **6,654** | – |
| Rentals receivable from investment properties | | **–** | (7,308) |
| Less: direct outgoings from investment properties | | **–** | 8,581 |
| | | **–** | 1,273 |

## 8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

### (a) Taxation in the consolidated statement of profit or loss:

| | Note | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| **Current tax** | | | |
| Provision for the year | 31(a) | **146,659** | 147,424 |
| **Deferred tax** | | | |
| Origination and reversal of temporary differences | 31(b) | **(42,133)** | (27,960) |
| | | **104,526** | 119,464 |

## 8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)*

### (b) Reconciliation between tax expense and accounting profit at applicable tax rates:

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Profit before taxation | 439,500 | 442,811 |
| Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned | 109,458 | 109,820 |
| Tax effect of non-deductible expenses | 6,469 | 2,378 |
| Income not subject to tax | (11,005) | (3,143) |
| Withholding tax on dividend | 8,621 | 10,329 |
| Tax effect of temporary differences not recognised | (9,017) | 80 |
| **Actual tax expense** | 104,526 | 119,464 |

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("**BVI**"), the Group is not subject to any income tax in the Cayman Islands and the BVI during the year.

No provision for Hong Kong Profits Tax was made as the Group did not earn any income subject to Hong Kong Profits Tax during the year.

The Group's major Chinese Mainland subsidiaries are subject to Corporate Income Tax ("**CIT**") at a statutory rate of 25% on their respective taxable income during the year. The different tax rates mainly come from certain Chinese Mainland companies, which are regarded as small profit enterprise or registered and operated in western region of Chinese Mainland, are entitled to the PRC income tax at a preferential rate of 15% for the year ended 31 December 2024.

Withholding taxes are levied on dividend distributions arising from profit of the Chinese Mainland subsidiaries within the Group earned after 1 January 2008 at 5%. The PRC CIT Law and its implementation rules impose a withholding tax at 10%, unless reduced by a tax treaty or arrangement, for dividends distributed by Chinese Mainland resident enterprises to their non-Chinese Mainland-resident corporate investors for profits earned since 1 January 2008. Under the Sino-Hong Kong Double Tax Arrangement, a qualified Hong Kong tax resident is entitled to a reduced withholding tax rate of 5% if the Hong Kong tax resident is the "beneficial owner" and holds 25% or more of the equity interest of the Chinese Mainland enterprise directly. Since the Group could control the quantum and timing of distribution of profits of the Group's subsidiaries in Chinese Mainland, deferred tax liabilities are only provided to the extent that such profits are expected to be distributed in the foreseeable future.

## 9 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

| | 2024 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Directors' fees RMB'000 | Salaries, allowances and benefits in kind RMB'000 | Discretionary bonuses RMB'000 | Retirement scheme contributions RMB'000 | Sub-Total RMB'000 | Share-based payments RMB'000 | Total RMB'000 |
| **Executive directors** | | | | | | | |
| Mr. Li Xiaoping *(Chairman)* | 200 | – | – | – | 200 | – | 200 |
| Mr. Yang Zhidong *(Chief Executive Officer)* | – | 1,881 | 660 | 27 | 2,568 | – | 2,568 |
| **Non-executive directors** | | | | | | | |
| Ms. Guo Ying | 33 | 246 | 111 | 27 | 417 | – | 417 |
| Mr. Wang Yinhu | 200 | – | – | – | 200 | – | 200 |
| **Independent non-executive directors** | | | | | | | |
| Professor Cui Haitao *(appointed with effect from 22 March 2024)* | 150 | – | – | – | 150 | – | 150 |
| Mr. Kam Chi Sing | 200 | – | – | – | 200 | – | 200 |
| Ms. Liu Xiaolan | 200 | – | – | – | 200 | – | 200 |
| Mr. Huang Mingxiang *(resigned with effect from 22 March 2024)* | 50 | – | – | – | 50 | – | 50 |
| | 1,033 | 2,127 | 771 | 54 | 3,985 | – | 3,985 |

| | 2023 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Directors' fees RMB'000 | Salaries, allowances and benefits in kind RMB'000 | Discretionary bonuses RMB'000 | Retirement scheme contributions RMB'000 | Sub-Total RMB'000 | Share-based payments RMB'000 | Total RMB'000 |
| **Executive directors** | | | | | | | |
| Mr. Li Xiaoping *(Chairman)* | 117 | – | – | – | 117 | (11,441) | (11,324) |
| Mr. Yang Zhidong *(Chief Executive Officer, appointed on 15 August 2023)* | – | 1,820 | 759 | 26 | 2,605 | – | 2,605 |
| **Non-executive directors** | | | | | | | |
| Ms. Guo Ying *(redesignated from executive director to non-executive director on 15 August 2023)* | 117 | 1,072 | 524 | 25 | 1,738 | (847) | 891 |
| Mr. Wang Yinhu | 200 | – | – | – | 200 | – | 200 |
| Mr. Wang Dou *(resigned on 15 August 2023)* | 133 | – | – | – | 133 | – | 133 |
| **Independent non-executive directors** | | | | | | | |
| Mr. Huang Mingxiang | 200 | – | – | – | 200 | – | 200 |
| Mr. Kam Chi Sing | 200 | – | – | – | 200 | – | 200 |
| Ms. Liu Xiaolan | 200 | – | – | – | 200 | – | 200 |
| | 1,167 | 2,892 | 1,283 | 51 | 5,393 | (12,288) | (6,895) |

## 10 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, 1 (2023: 2) is director whose emolument is disclosed in note 9. The aggregate of the emoluments in respect of the other 4 (2023: 3) individuals are as follows:

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Salaries, allowance and benefits-in-kind | 5,261 | 4,492 |
| Discretionary bonuses | 1,690 | 783 |
| Retirement scheme contributions | 140 | 58 |
| | 7,091 | 5,333 |

The emoluments of the 4 (2023: 3) individuals with the highest emoluments are within the following bands:

| | Number of employees | |
|---|---|---|
| | 2024 | 2023 |
| HKD1,000,001 – HKD1,500,000 | 1 | 1 |
| HKD1,500,001 – HKD2,000,000 | 2 | 1 |
| HKD2,000,001 – HKD2,500,000 | 1 | – |
| HKD2,500,001 – HKD3,000,000 | – | 1 |

No emoluments were paid by the Group to any of the 4 (2023: 3) highest paid individuals above as an inducement to join or upon joining the Group or as compensation for loss of office for the year ended 31 December 2024 (2023: nil).

## 11 EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB312,091,000 (2023: RMB302,688,000) and the weighted average of 1,220,348,000 ordinary shares (2023: 1,220,348,000 ordinary shares) in issue during the year.

### (b) Diluted earnings per share

For the year ended 31 December 2024, the Group does not have any potentially dilutive shares in issue. For the year ended 31 December 2023, the effect of conversion of share option scheme of the Group was anti-dilutive.

## 12 INVESTMENT PROPERTIES

| | Leased properties RMB'000 | Leasehold improvements RMB'000 | Total RMB'000 |
|---|---|---|---|
| **Cost:** | | | |
| At 1 January 2023 | 133,490 | 12,539 | 146,029 |
| Disposals | (133,490) | (12,539) | (146,029) |
| At 31 December 2023 and 31 December 2024 | – | – | – |
| **Less: accumulated depreciation:** | | | |
| At 1 January 2023 | 41,006 | 3,521 | 44,527 |
| Charge for the year | 7,931 | 650 | 8,581 |
| Written back on disposals | (48,937) | (4,171) | (53,108) |
| At 31 December 2023 and 31 December 2024 | – | – | – |
| **Net book value:** | | | |
| At 31 December 2024 | – | – | – |
| At 31 December 2023 | – | – | – |

## 13 PROPERTY, PLANT AND EQUIPMENT

| | Leasehold improvement and others RMB'000 | Office equipment and furniture RMB'000 | Machinery equipment RMB'000 | Motor vehicles RMB'000 | Sub-total RMB'000 | Right-of-use assets – other leased properties RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|---|
| **Cost:** | | | | | | | |
| At 1 January 2023 | 62,079 | 36,619 | 6,821 | 4,173 | 109,692 | 34,116 | 143,808 |
| Additions | 3,102 | 3,061 | 2,089 | 405 | 8,657 | 19,880 | 28,537 |
| Transfer to inventories | (8,170) | – | – | – | (8,170) | – | (8,170) |
| Acquisitions of subsidiaries | – | 435 | 2,807 | 172 | 3,414 | – | 3,414 |
| Disposals | – | (7,456) | (688) | (371) | (8,515) | (9,479) | (17,994) |
| At 31 December 2023 | **57,011** | **32,659** | **11,029** | **4,379** | **105,078** | **44,517** | **149,595** |
| Additions | **1,896** | **15,041** | **2,250** | **974** | **20,161** | **10,187** | **30,348** |
| Asset acquisition | **1,886** | **351** | **–** | **–** | **2,237** | **–** | **2,237** |
| Disposals of subsidiaries | **(728)** | **(1,137)** | **(3,070)** | **(252)** | **(5,187)** | **–** | **(5,187)** |
| Disposals | **–** | **(8,485)** | **(660)** | **(1,709)** | **(10,854)** | **(10,518)** | **(21,372)** |
| At 31 December 2024 | **60,065** | **38,429** | **9,549** | **3,392** | **111,435** | **44,186** | **155,621** |
| **Less: accumulated depreciation:** | | | | | | | |
| At 1 January 2023 | 36,585 | 24,428 | 2,514 | 3,036 | 66,563 | 23,499 | 90,062 |
| Charge for the year | 5,613 | 4,132 | 1,052 | 301 | 11,098 | 11,827 | 22,925 |
| Transfer to inventories | (949) | – | – | – | (949) | – | (949) |
| Acquisitions of subsidiaries | – | 264 | 2,115 | 44 | 2,423 | – | 2,423 |
| Written back on disposals | – | (6,796) | (499) | (285) | (7,580) | (9,415) | (16,995) |
| At 31 December 2023 | **41,249** | **22,028** | **5,182** | **3,096** | **71,555** | **25,911** | **97,466** |
| Charge for the year | **4,721** | **4,573** | **1,657** | **346** | **11,297** | **12,553** | **23,850** |
| Asset acquisition | **1,666** | **287** | **–** | **–** | **1,953** | **–** | **1,953** |
| Disposals of subsidiaries | **(412)** | **(757)** | **(2,683)** | **(155)** | **(4,007)** | **–** | **(4,007)** |
| Written back on disposals | **–** | **(6,431)** | **(83)** | **(1,348)** | **(7,862)** | **(8,715)** | **(16,577)** |
| At 31 December 2024 | **47,224** | **19,700** | **4,073** | **1,939** | **72,936** | **29,749** | **102,685** |
| **Net book value:** | | | | | | | |
| At 31 December 2024 | **12,841** | **18,729** | **5,476** | **1,453** | **38,499** | **14,437** | **52,936** |
| At 31 December 2023 | 15,762 | 10,631 | 5,847 | 1,283 | 33,523 | 18,606 | 52,129 |

## 14 RIGHT-OF-USE ASSETS

| | Note | Carpark RMB'000 |
|---|---|---|
| **Cost:** | | |
| At 1 January 2024 | | – |
| Assets acquisition | 34 | 598,598 |
| At 31 December 2024 | | 598,598 |
| **Less: accumulated depreciation:** | | |
| At 1 January 2024 | | – |
| Charge for the year | | 9,292 |
| At 31 December 2024 | | 9,292 |
| **Net book value:** | | |
| At 31 December 2024 | | 589,306 |
| At 31 December 2023 | | – |

The Group entered into a number of right of use transfer agreements to acquire right-of-use assets of carparks from Excellence Group for a term until the respective expiry date of the land use rights of the relevant land parcels where the carparks are situated in with a total consideration of RMB598,000,000. The consideration was settled partly in cash in the amount of RMB470,000,000 and partly by offsetting part of the trade receivables owed by Excellence Group to the Group in the amount of RMB128,000,000.

The analysis of the net book value of right-of-use assets by class of underlying assets is as follows:

| | Note | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| Properties leased for own use, carried at amortised cost | 13 | 14,437 | 18,606 |
| Carparks | | 589,306 | – |
| | | 603,743 | 18,606 |

## 14 RIGHT-OF-USE ASSETS *(continued)*

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

| | Note | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| Depreciation charge of right-of-use assets by class of underlying assets: | | | |
| – Investment properties, carried at depreciated cost | | – | 7,931 |
| – Properties leased for own use, carried at depreciated cost | (a) | 12,553 | 11,827 |
| – Carparks | | 9,292 | – |
| | | 21,845 | 19,758 |
| Interest on lease liabilities | 7(a) | 689 | 5,246 |
| Expense relating to short-term leases | | 57,277 | 57,975 |
| Variable lease payments not including in the measurement of lease liabilities | 14(b)/7(c) | 49,210 | 72,476 |

*Notes:*

(a) The Group has obtained the rights to use these properties as its office and dormitory through tenancy agreements. The leases typically run for an initial period of 2 to 7 years.

(b) During the year ended 31 December 2024, certain property leases contain variable lease payment terms that are linked to revenue generated from the operation of these properties, and majority of lease payments are on the basis of variable lease payment terms with percentages ranging from 30% to 70% (2023: 30% to 70%) of revenue generated. Variable lease payment terms are used for a variety of reasons, including minimising the fixed costs base. Variable lease payments that depend on revenue are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

For the year ended 31 December 2024, a 5% increase in revenue generated from the operation in these properties in the Group with such variable lease contracts would increase total lease payments by approximately RMB2,461,000 (2023: RMB3,624,000).

## 15 INTANGIBLE ASSETS

| | Uncompleted property management contracts RMB'000 | Customer relationships RMB'000 | Software RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| **Cost:** | | | | |
| At 1 January 2023 | 56,435 | 355,238 | 14,928 | 426,601 |
| Additions | – | – | 5,922 | 5,922 |
| Acquisition of subsidiaries | 10,679 | – | – | 10,679 |
| Disposals | – | – | (110) | (110) |
| At 31 December 2023 and 1 January 2024 | **67,114** | **355,238** | **20,740** | **443,092** |
| Additions | **–** | **–** | **6,598** | **6,598** |
| Asset acquisition | **–** | **–** | **452** | **452** |
| Disposal of subsidiaries *(Note 34)* | **(10,679)** | **–** | **(3,951)** | **(14,630)** |
| At 31 December 2024 | **56,435** | **355,238** | **23,839** | **435,512** |
| **Less: accumulated amortisation:** | | | | |
| At 1 January 2023 | 27,892 | 22,726 | 8,525 | 59,143 |
| Charge for the year | 16,798 | 29,765 | 2,548 | 49,111 |
| Written back on disposals | – | – | (74) | (74) |
| At 31 December 2023 and 1 January 2024 | **44,690** | **52,491** | **10,999** | **108,180** |
| Charge for the year | **13,736** | **29,765** | **3,488** | **46,989** |
| Disposals of subsidiaries *(Note 34)* | **(7,119)** | **–** | **(395)** | **(7,514)** |
| At 31 December 2024 | **51,307** | **82,256** | **14,092** | **147,655** |
| **Net book value:** | | | | |
| At 31 December 2024 | **5,128** | **272,982** | **9,747** | **287,857** |
| At 31 December 2023 | 22,424 | 302,747 | 9,741 | 334,912 |

The remaining amortisation period of uncompleted property management contracts and customer relationships is ranging from 0.61 to 9.08 years. The amortisation charge for the year is mainly included in "cost of sales" in the consolidated statement of profit or loss.

## 16 GOODWILL

| | Note | RMB'000 |
|---|---|---|
| **Cost:** | | |
| At 1 January 2023 | | 253,446 |
| Acquisition of a subsidiary | | 18,228 |
| At 31 December 2023 and 1 January 2024 | | **271,674** |
| Disposal of a subsidiary | 34 | **(18,228)** |
| At 31 December 2024 | | **253,446** |
| **Accumulated impairment losses:** | | |
| At 1 January 2023, 31 December 2023 and 31 December 2024 | | **(28,159)** |
| **Carrying value:** | | |
| 31 December 2024 | | **225,287** |
| 31 December 2023 | | 243,515 |

Goodwill acquired in business combinations is allocated, at acquisitions, to the CGUs:

– Groups of CGUs being commercial property management projects in Beijing arising from the acquisition of Beijing Global (北京環球, "**Beijing Global and relevant projects**")

– Shenzhen Xingyi Investment Co., Ltd. (深圳市興益投資有限公司, "**Shenzhen Xingyi**") and its subsidiary (together, the "**Shenzhen Xingyi Group**")

– Wuhan Huanmao Property Management Co., Ltd. (武漢環貿物業管理有限公司, "**Wuhuan Huanmao**")

– Henan Huangjin Property Management Co., Ltd. (河南黃錦物業管理有限公司, "**Henan Huangjin**")

## 16 GOODWILL *(continued)*

The carrying amount of goodwill allocated to each of the CGUs as at 31 December 2024 is as below:

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Beijing Global and relevant projects | 73,726 | 73,726 |
| Shenzhen Xingyi Group | 72,632 | 72,632 |
| Wuhan Huanmao | 41,438 | 41,438 |
| Henan Huangjin | 37,491 | 37,491 |
| Yaozhan Management Group (disposed in 2024) | – | 18,228 |
| | 225,287 | 243,515 |

### Impairment testing for CGUs containing goodwill

Management performed impairment testing on goodwill as at 31 December 2024. The recoverable amounts of CGUs of Beijing Global and relevant projects, Shenzhen Xingyi Group, Wuhan Huanmao and Henan Huangjin are determined based on the value in use ("**VIU**") calculation by the directors of the Company with the assistance of an independent valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("**JLL**"). Their recoverable amounts are based on certain similar key assumptions. The calculation uses pre-tax cashflow projections based on financial budgets approved by management covering a five to seven years period. Cash flow beyond the projection period is extrapolated using the estimated terminal growth rates below. The growth rates do not exceed the long-term average growth rate for the related industry in which the CGUs operates. The discount rates used are pre-tax and reflect specific risks relating to the relevant industry and the CGU itself and macro-environment of the relevant region.

The key assumptions are set out as follows:

**As at 31 December 2024**

| | Beijing Global and relevant projects | Shenzhen Xingyi Group | Wuhan Huanmao | Henan Huangjin |
|---|---|---|---|---|
| Annual growth rate of revenue | 1.9% – 28.7% | 3.0% | –0.5% – 2.5% | 5.0% – 7.0% |
| Gross margin (% of revenue) | 41.5% – 43.0% | 53.9% | 32.4% – 36.4% | 11.00% |
| Long-term growth rate | 2.0% | 2.0% | 2.0% | 2.0% |
| Pre-tax discount rate | 19.0% | 16.2% | 18.8% | 18.8% |

As at 31 December 2023

| | Beijing Global and relevant projects | Shenzhen Xingyi Group | Wuhan Huanmao | Henan Huangjin | Yaozhan Management Group |
|---|---|---|---|---|---|
| Annual growth rate of revenue | –3.3% – 2.8% | 3.0% | –18.7% – 3.5% | 2.0% – 5.0% | 2.0% – 15.0% |
| Gross margin (% of revenue) | 49.2% – 51.9% | 52.3% | 33.3% – 37.1% | 12.1% | 24.7% – 25.0% |
| Long-term growth rate | 2.5% | 2.5% | 2.0% | 2.0% | 2.0% |
| Pre-tax discount rate | 19.5% | 17.2% | 19.9% | 20.5% | 21.2% |

(Expressed in Renminbi unless otherwise indicated)

## 16 GOODWILL *(continued)*

Management has undertaken sensitivity analysis on the impairment test of goodwill. The following table sets out the hypothetical changes to annual growth rate, gross margin rate, long-term growth rate and pre-tax discount rate that would, in isolation, have removed the remaining headroom respectively:

**As at 31 December 2024**

| | Beijing Global and relevant projects | Shenzhen Xingyi Group | Wuhan Huanmao | Henan Huangjin |
|---|---|---|---|---|
| Decrease in annual growth rate | 0.68% | 0.94% | 1.95% | 1.00% |
| Decrease in gross margin rate | 1.05% | 4.01% | 2.14% | 0.22% |
| Decrease in long-term growth rate | 0.61% | 2.02% | 1.67% | 0.78% |
| Increase in pre-tax discount rate | 0.55% | 1.32% | 1.43% | 0.68% |

## 17 INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

| | | | Proportion of ownership interest | | | |
|---|---|---|---|---|---|---|
| **Name of company** | **Place of incorporation and business** | **Particulars of issued/paid in capital** | **Group's effective interest** | **Held by the Company** | **Held by a subsidiary** | **Principal activities** |
| Excellence (Hong Kong) Commercial Property Services Co., Limited | Hong Kong ("HK") | HKD77,775,759 | 100% | - | 100% | Investment holding |
| Shenzhen Dongrunze Investment Consulting Co., Ltd. 深圳東潤澤投資顧問有限公司 *(a)(b)(c)* | Chinese Mainland | HKD361,220,000 | 100% | - | 100% | Investment holding |
| Shenzhen Yuanxi Investment Consulting Co., Ltd. ("**Yuanxi Investment**") 深圳市元熙投資諮詢有限公司 *(a)(c)* | Chinese Mainland | RMB327,700,000 | 100% | - | 100% | Investment holding |
| Shenzhen Excellence Property Management Co., Ltd. ("**Excellence Property Management**") 深圳市卓越物業管理有限責任公司 *(a)(c)* | Chinese Mainland | RMB328,950,000 | 100% | - | 100% | Property management services |

(Expressed in Renminbi unless otherwise indicated)

## 17 INVESTMENTS IN SUBSIDIARIES *(continued)*

| Name of company | Place of incorporation and business | Particulars of issued/paid in capital | Proportion of ownership interest: Group's effective interest | Held by the Company | Held by a subsidiary | Principal activities |
|---|---|---|---|---|---|---|
| Shenzhen Zhuopin Business Service Co., Ltd. 深圳市卓品商務服務有限公司 *(a)(c)* | Chinese Mainland | RMB20,000,000 | 100% | - | 100% | Air ticket booking hotel booking services; hotel management consulting |
| Shenzhen Zhuotou Micro-lending Co., Ltd. 深圳市卓投小額貸款有限責任公司 *(a)(c)* | Chinese Mainland | RMB300,000,000 | 100% | - | 100% | Financial services |
| Shenzhen Excellence Dabaihui Property Management Co., Ltd. 深圳市卓越大百匯物業管理有限公司 *(a)(c)* | Chinese Mainland | RMB3,000,000 | 51% | - | 51% | Property management services |
| Henan Huangjin Property Management Co., Ltd. 河南黃錦物業管理有限公司 *(a)(c)* | Chinese Mainland | RMB5,066,000 | 51% | - | 51% | Property management services |
| Shenzhen Zhuozhu Decoration Engineering Co., Ltd 深圳市卓築裝飾工程有限公司 *(a)(c)* | Chinese Mainland | RMB5,000,000 | 100% | - | 100% | Decoration Engineering Services |

*Notes:*

(a) The official names of these entities are in Chinese. The English names are for identification purpose only.

(b) The entity was established in Chinese Mainland as a wholly-foreign-owned enterprise.

(c) The entities are registered under the PRC law limited liability companies.

## 18 INTERESTS IN ASSOCIATES

The following list contains associates of the Group, which are unlisted corporate entities, whose quoted market price is not available:

| Name of associate | Place of incorporation and business | Registered capital | Effective interest held by the Group As at 31 December 2024 | Effective interest held by the Group As at 31 December 2023 | Principal activities |
|---|---|---|---|---|---|
| Suzhou Industrial Park Comprehensive Insurance Property Management Limited 蘇州工業園區綜保物業管理有限公司 *(a)* | Chinese Mainland | RMB10,000,000 | 30% | 30% | Property management services |
| Shenzhen Puerhui Tea Industry Development Co., Ltd. 深圳市普而惠茶業發展股份有限公司 *(a)* | Chinese Mainland | RMB30,000,000 | 25% | 25% | Trading |
| Guizhou Zaixing Business Service Co., Ltd. (“**Guizhou Zaixing**”) 貴州在行商務服務有限公司 *(a)(b)* | Chinese Mainland | RMB2,941,176 | 32% | 32% | Property management services |
| Chongqing Frequent Surprise Business Information Consulting Co., Ltd. (“**Chongqing Frequent Surprise**”) 重慶頻頻出奇商務資訊諮詢有限公司 *(a)(c)* | Chinese Mainland | RMB2,941,176 | – | 32% | Property management services |

*Notes:*

(a) These Chinese Mainland entities are limited liability companies. The English translation of these companies’ name is for reference only. The official name of these companies is in Chinese.

(b) In accordance with the acquisition agreement of Guizhou Zaixing, the Group has the rights to sell the equity interests held by the Group to the vendors at fixed price (“**Put Options**”) and entitled to minimum profits payments guaranteed by the acquired associate or compensated by the vendor in cash (“**Profit Guarantees**”) in the three-year performance guarantee period. At the respective acquisition date, the Group assessed the total fair value of Put Options and Profit Guarantees were not significant.

(c) During the year ended 31 December 2024, the Group sold 32% equity interest in Chongqing Frequent Surprise it held to the vendors at total consideration of RMB36,426,000. No impact to profit or loss is resulted from the disposal.

Aggregate information of associates that are not individually material:

| | 2024 RMB’000 | 2023 RMB’000 |
|---|---|---|
| Aggregate carrying amounts of individually immaterial associates | 52,861 | 91,358 |
| Amounts of the Group’s share of the associates’ | | |
| Profit for the year | 6,932 | 8,075 |
| Other comprehensive income | – | – |
| Total comprehensive income | 6,932 | 8,075 |

## 19 INTERESTS IN JOINT VENTURES

Details of the Group's interests in joint ventures, which is accounted for using the equity method in the consolidated financial statements, are as follows:

| Name of joint venture | Place of incorporation and business | Registered capital | Effective interest held by the Group: As at 31 December 2024 | Effective interest held by the Group: As at 31 December 2023 | Principal activity |
|---|---|---|---|---|---|
| Qingdao Huiyun Industry Service Co., Ltd. ("**Qingdao Huiyun**") 青島慧雲產業服務有限公司 *(a)(b)* | Chinese Mainland | RMB20,000,000 | 43% | 43% | Property management services |
| Jinan Likong Excellent Property Management Co., Ltd. ("**Jinan Likong**") 濟南曆控卓越物業管理有限公司 *(a)(b)* | Chinese Mainland | RMB3,000,000 | 58% | 58% | Property management services |

*Notes:*

(a) These Chinese Mainland entities are limited liability companies. The English translation of these companies' name is for reference only. The official names of these companies are in Chinese.

(b) According to the Articles of Association, majority of board resolutions of Qingdao Huiyun and Jinan Likong requires unanimous consent from board representatives of all investors. Qingdao Huiyun and Jinan Likong are therefore classified as joint ventures of the Group.

Aggregate information of joint ventures that are not individually material:

| | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|
| Aggregate carrying amounts of individually immaterial joint ventures | 11,280 | 11,800 |
| Aggregate amounts of the Group's share of the joint ventures' | | |
| Profit for the year | 498 | 2,403 |
| Other comprehensive income | – | – |
| Total comprehensive income | 498 | 2,403 |

## 20 FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

| | Note | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|---|
| **Financial assets measured at FVPL** | | | |
| **Non-current assets** | | | |
| Unlisted equity investment | | – | 120,000 |
| Option | | – | 1,699 |
| | | – | 121,699 |
| **Current assets** | | | |
| Wealth management products | (a) | 30,195 | – |
| **Financial liabilities measured at FVPL** | | | |
| Contingent consideration | | – | 5,091 |

*Note:*

(a) The balances represent wealth management product purchased from a creditworthy bank in Chinese Mainland. The investment return rate of the wealth management product is linked to the price changes in certain underlying commodity. The cash flows arising from this contract are not solely for payments of principal and interest on the principal amount outstanding. For such purpose, the wealth management product are accounted for as a financial asset measured at fair value through profit or loss.

## 21 INVENTORIES

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Properties held for sale | 292,059 | 33,006 |
| Customised software | – | 21,073 |
| Others | 3,279 | 42,683 |
| | 295,338 | 96,762 |

## 22 TRADE AND OTHER RECEIVABLES

| | Note | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| **Current** | | | |
| Trade and bills receivables | (a) | | |
| – Related parties | | 666,055 | 554,498 |
| – Third parties | | 1,040,800 | 807,333 |
| | | 1,706,855 | 1,361,831 |
| Less: loss allowance | | (241,305) | (150,398) |
| | | 1,465,550 | 1,211,433 |
| Other receivables | | | |
| – Related parties | | 25,180 | 13,125 |
| – Third parties | (b) | 198,964 | 146,885 |
| | | 224,144 | 160,010 |
| Less: loss allowance | | (26,235) | (6,341) |
| | | 197,909 | 153,669 |
| Financial assets measured at amortised cost | | 1,663,459 | 1,365,102 |
| Deposits and prepayments | | 145,116 | 220,924 |
| | | 1,808,575 | 1,586,026 |

*Notes:*

(a) Trade receivables are primarily related to revenue recognised from the provision of basic property management services and value-added services.

(b) As at 31 December 2024, other receivables included unsettled consideration receivable of RMB65,000,000 (2023: RMB75,000,000) in respect of disposal of former subsidiaries in 2021.

## 22 TRADE AND OTHER RECEIVABLES *(continued)*

### Ageing analysis

As at 31 December 2024, the ageing analysis of trade and bills receivables (net of loss allowance) based on the date of revenue recognition and net of loss allowance, is as follows:

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Within 1 year | 1,155,913 | 1,068,051 |
| 1 to 2 years | 278,443 | 135,611 |
| 2 to 3 years | 31,194 | 7,771 |
| | 1,465,550 | 1,211,433 |

Further details on the Group's credit policy and credit risk arising from trade and other receivables are set out in note 35(a).

Impairment losses in respect of trade and bills receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly (see note 2(l)(i)).

## 23 LOANS RECEIVABLE

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Unguaranteed and unsecured | 163,667 | 323,200 |
| Guaranteed and unsecured | 467,782 | – |
| Unguaranteed and secured | 8,550 | 10,430 |
| Guaranteed and secured | 15,000 | 15,000 |
| Gross loans receivable | 654,999 | 348,630 |
| Less: loss allowance | (25,550) | (30,723) |
| | 629,449 | 317,907 |

*Notes:*

(a) As of 31 December 2024, loans provided by the Group to third parties from micro-lending business are interest-bearing at rates ranging from 7.0% – 24.0% (2023: 7.0% – 24.0%) per annum, and recoverable within one year.

(b) Credit risk arising from the loans receivable are elaborated in note 35(a).

## 23 LOANS RECEIVABLE *(continued)*

As at 31 December 2024, the ageing analysis of loans receivable based on due date and credit quality (note 35(a)) is set out below:

| | As at 31 December 2024 | | |
|---|---|---|---|
| | **Stage 1** | **Stage 3** | **Total** |
| | **RMB'000** | **RMB'000** | **RMB'000** |
| Current (not past due) | **621,449** | **–** | **621,449** |
| Overdue over one year | **–** | **33,550** | **33,550** |
| Subtotal | **621,449** | **33,550** | **654,999** |
| Less: loss allowance | **(17,485)** | **(8,065)** | **(25,550)** |
| Total | **603,964** | **25,485** | **629,449** |

| | As at 31 December 2023 | | |
|---|---|---|---|
| | Stage 1 | Stage 3 | Total |
| | RMB'000 | RMB'000 | RMB'000 |
| Current (not past due) | 313,200 | – | 313,200 |
| Overdue over 3 months but within 6 months | – | 10,000 | 10,000 |
| Overdue over 6 months but within one year | – | 1,880 | 1,880 |
| Overdue over one year | – | 23,550 | 23,550 |
| Subtotal | 313,200 | 35,430 | 348,630 |
| Less: loss allowance | (13,094) | (17,629) | (30,723) |
| Total | 300,106 | 17,801 | 317,907 |

*Note:* As at 31 December 2024, loans receivable classified at Stage 3 of RMB15,000,000 (2023: RMB15,000,000) were guaranteed and secured by properties held by customers, loans receivable of RMB8,550,000 (2023: RMB10,430,000) classified at Stage 3 were unguaranteed and secured by properties held by customers and loans receivable of RMB10,000,000 (2023: RMB10,000,000) classified at Stage 3 were unguaranteed and unsecured by properties held by customers. RMB9,000,000 of unguaranteed and unsecured loan receivable at Stage 3 was recovered subsequent to the year end.

## 24 RESTRICTED DEPOSITS

| | Note | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| Cash collected on behalf of the property owners' associations *(a)* | 28 | **24,572** | 26,678 |
| Housing maintenance funds received *(b)* | 28 | **21,023** | 18,004 |
| Frozen cash due to litigations | | **57,426** | 5,056 |
| Other restricted deposits *(c)* | | **15,836** | 16,787 |
| | | **118,857** | 66,525 |

*Notes:*

(a) The Group collects cash on behalf of property owners' associations in its property services business. Since property owners' associations often face difficulties in opening their own bank accounts, the Group opens and manages these bank accounts on behalf of the property owners' associations.

(b) Housing maintenance funds received mainly represent cash deposits of housing maintenance funds that were owned by property owners but were deposited in bank accounts in the name of the Group.

(c) Other restricted deposits mainly represent the amounts collected on behalf of the customers in Group's property management service business and guaranteed deposits which will be released after completion of the related property management services.

## 25 CASH AND CASH EQUIVALENTS

### (a) Cash and cash equivalents comprise:

| | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|
| Cash in hand | **645** | 913 |
| Cash at banks and other financial institutions *(Note)* | **934,789** | 2,155,790 |
| | **935,434** | 2,156,703 |

*Note:* As at 31 December 2024, cash and cash equivalents situated in Chinese Mainland amounted to RMB924,281,000 (2023: RMB2,094,993,000). Remittance of funds out of Chinese Mainland is subject to relevant rules and regulations of foreign exchange control.

## 25 CASH AND CASH EQUIVALENTS *(continued)*

### (b) Reconciliation of profit before taxation to cash used in operations:

| | Note | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| Profit before taxation | | **439,500** | 442,811 |
| Adjustments for: | | | |
| Interest income from bank deposits and other financial institutions | 5(a) | **(8,242)** | (34,594) |
| Depreciation and amortisation | 7(c) | **80,131** | 80,617 |
| Share of profits less losses of associates | 18 | **(6,932)** | (8,075) |
| Share of profits less losses of joint ventures | 19 | **(498)** | (2,403) |
| Finance costs | 7(a) | **2,255** | 5,941 |
| Fair value (gain)/loss on financial assets measured at FVPL | 5(b) | **(2,533)** | 704 |
| Fair value gain on financial liabilities measured at FVPL | 5(b) | **–** | (2,093) |
| Net gain on investment in wealth management products | 5(b) | **(940)** | (331) |
| Net loss on disposal of property, plant and equipment | 5(b) | **37** | 195 |
| Net foreign exchange loss | 5(b) | **3,624** | 4,586 |
| Net gain on disposals of investment properties | 5(b) | **–** | (15,379) |
| Net gain from reduction in consideration of acquisition of Beijing Global | 5(b) | **(45,000)** | – |
| Impairment losses on trade and other receivables | 6 | **115,174** | 72,919 |
| Impairment losses on loans receivable | 6 | **(5,173)** | 13,085 |
| Impairment losses on contract assets | 6 | **–** | 630 |
| Impairment loss on financial guarantee issued | 6 | **–** | 10,062 |
| Net loss on disposal of subsidiaries | 5(b) | **858** | – |
| Equity-settled share-based payment | | **–** | (16,284) |
| Changes in working capital: | | | |
| Increase in loans receivable | | **(306,369)** | (263,171) |
| Increase in trade and other receivables | | **(456,684)** | (394,316) |
| Increase in inventories | | **(90,464)** | (36,627) |
| Increase in contract assets | | **(7,352)** | (25,743) |
| Increase in contract liabilities | | **77,583** | 11,198 |
| (Decrease)/increase in trade and other payables | | **(174,965)** | 143,484 |
| Increase in restricted deposits | | **(52,332)** | (9,310) |
| **Cash used in operations** | | **(438,322)** | (22,094) |

## 25 CASH AND CASH EQUIVALENTS *(continued)*

### (c) Reconciliation of liabilities arising from financing activities:

| | Bank loans and other borrowing RMB'000 | Lease liabilities RMB'000 | Interest payable RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| **At 1 January 2023** | – | 124,930 | – | 124,930 |
| **Changes from financing cash flows:** | | | | |
| Proceed from bank loans and other borrowings | 22,000 | – | – | 22,000 |
| Repayments of bank loans and other borrowing | (14,000) | – | – | (14,000) |
| Capital element of lease rentals paid | – | (17,645) | – | (17,645) |
| Interest element of lease rentals paid | – | (5,246) | – | (5,246) |
| Interest paid | – | – | (695) | (695) |
| Total changes from financing cash flows | 8,000 | (22,891) | (695) | (15,586) |
| **Other changes:** | | | | |
| Interest expense *(Note 7(a))* | – | 5,246 | 695 | 5,941 |
| Increase in lease liabilities from entering into new leases during the year | – | 19,880 | – | 19,880 |
| Disposals | – | (108,478) | – | (108,478) |
| Acquisitions of subsidiaries | 14,000 | – | – | 14,000 |
| Total other changes | 14,000 | (83,352) | 695 | (68,657) |
| **At 31 December 2023 and 1 January 2024** | **22,000** | **18,687** | **–** | **40,687** |
| **Changes from financing cash flows:** | | | | |
| Proceed from bank loans and other borrowings | **30,000** | **–** | **–** | **30,000** |
| Repayments of bank loans and other borrowing | **(28,000)** | **–** | **–** | **(28,000)** |
| Capital element of lease rentals paid | **–** | **(12,538)** | **–** | **(12,538)** |
| Interest element of lease rentals paid | **–** | **(689)** | **–** | **(689)** |
| Interest paid | **–** | **–** | **(1,566)** | **(1,566)** |
| Total changes from financing cash flows | **2,000** | **(13,227)** | **(1,566)** | **(12,793)** |
| **Other changes:** | | | | |
| Interest expense *(Note 7(a))* | **–** | **689** | **1,566** | **2,255** |
| Increase in lease liabilities from entering into new leases during the year | **–** | **10,187** | **–** | **10,187** |
| Disposals | **(24,000)** | **(1,803)** | **–** | **(25,803)** |
| Total other changes | **(24,000)** | **9,073** | **1,566** | **(13,361)** |
| **At 31 December 2024** | **–** | **14,533** | **–** | **14,533** |

## 25 CASH AND CASH EQUIVALENTS *(continued)*

### (d) Total cash outflow for leases

Amounts included in the consolidated statement of cash flows for leases comprise the following:

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Within operating cash flows | 108,038 | 143,129 |
| Within financing cash flows | 13,227 | 22,891 |
| | 121,265 | 166,020 |

These amounts relate to the following:

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Lease rentals paid | 121,265 | 166,020 |

### (e) Non-cash transactions

In the consolidated statement of cash flows, payments to the vendors for acquisition of right-of-use assets are included within investing financing cash flows based on the nature of the arrangements, and payment to the vendors amounting to RMB128,000,000 are non-cash transactions. Please refer to note 14 for details.

## 26 BANK LOANS

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Bank loans | | |
| – Guaranteed and unsecured | – | 10,000 |
| – Unguaranteed and secured | – | 10,000 |
| – Unsecured and unguaranteed | – | 2,000 |
| | – | 22,000 |

## 27 CONTRACT ASSETS AND CONTRACT LIABILITIES

### (a) Contract assets

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Arising from performance under construction contracts | 1,728 | 34,292 |
| Less: loss allowance | – | (850) |
| | 1,728 | 33,442 |
| Receivables from contracts with customers within the scope of HKFRS 15, which are included in "Trade and other receivables" | 8,462 | 91,686 |

Contract assets mainly represent unbilled revenue of equipment installation services. The unbilled revenue of equipment installation services for the communities managed by the Group. The Group's installation contracts include payment schedules which require stage payments over the installation period once milestones are reached. These payment schedules prevent the build-up of significant contract assets. The Group typically agrees to a retention period ranging from 12-month period to 24-month period for 3% of the contract value. This amount is included in the retention receivables until the end of the retention period as the Group's entitlement to this final payment is conditional on the Group's work satisfactorily passing inspection. When the retention period is due and the right to the retention is unconditional, this amount is included in the trade receivables.

### (b) Contract liabilities

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Property management services | 145,758 | 175,235 |

Movements in contract liabilities are as follows:

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| At 1 January | 175,235 | 163,822 |
| Revenue recognised that was included in the balance of contract liabilities at the beginning of the year | (168,577) | (145,305) |
| Acquisitions of subsidiaries | – | 215 |
| Disposal of subsidiaries | (105,993) | – |
| Net increase in contract liabilities as a result of cash received for property management services in advance | 245,093 | 156,503 |
| At 31 December | 145,758 | 175,235 |

The Group entered into certain property management agreements with its related parties to provide basic property management services and value-added services and received advance payments of RMB5,069,000 (2023: RMB29,283,000) from its related parties as at 31 December 2024.

## 28 TRADE AND OTHER PAYABLES

| | Note | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| **Current** | | | |
| Trade payables *(Note)* | | | |
| – Related parties | | 21,519 | 24,224 |
| – Third parties | | 393,068 | 509,872 |
| | | 414,587 | 534,096 |
| Other payables | | | |
| – Related parties | | 6,198 | 29,412 |
| – Third parties | | 58,245 | 63,056 |
| | | 64,443 | 92,468 |
| Consideration payables for business combinations | | 15,437 | 29,807 |
| Dividend payables to non-controlling interests | | 6,205 | 6,205 |
| Cash collected on behalf of property owners' association | 24 | 24,572 | 26,678 |
| Housing maintenance funds held on behalf of property owners | 24 | 21,023 | 18,004 |
| Financial liabilities measured at amortised cost | | 546,267 | 707,258 |
| Accrued payroll and other benefits | | 233,197 | 226,429 |
| Deposits | | 129,877 | 136,464 |
| Accrued charges | | 35,013 | 31,110 |
| | | 944,354 | 1,101,261 |

*Note:* Trade payables mainly represent payables arising from sub-contracting services including cleaning, security, landscaping and maintenance services provided by suppliers and payables relating to car parks leasing.

### Ageing analysis

As at 31 December 2024, the ageing analysis of trade payables, based on invoice date is as follows:

| | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|
| Within 1 month | 136,439 | 177,598 |
| 1 to 3 months | 141,990 | 190,955 |
| 3 to 6 months | 37,466 | 60,750 |
| 6 to 12 months | 25,223 | 45,930 |
| Over 12 months | 73,469 | 58,863 |
| | 414,587 | 534,096 |

## 29 FINANCIAL GUARANTEE ISSUED

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Financial guarantee issued | 72,433 | 72,433 |

Beijing Global, a subsidiary acquired by the Group, had provided guarantee in respect of a loan with principal amount of RMB183,433,000 (2023: RMB183,433,000) borrowed by the vendor. The amount of financial guarantee issued represents the expected payments to reimburse the loan holder for a credit loss that it incurs less any amount that the Group expects to receive from the realisation of pledged assets. The Beijing Financial Court issued a first-instance judgment this year, ruling that the Group shall bear joint and several liability for the principal and interest of the aforementioned loan. However, the court did not support the claim for penalty interest on overdue payments. Beijing Global has appealed to the Beijing Higher People's Court, and the case has not yet been heard.

Further details on the Group's credit policy and credit risk arising from financial guarantee issued are set out in note 35(a).

## 30 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at each reporting date:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | Present value of the minimum lease payments<br>RMB'000 | Total minimum lease payments<br>RMB'000 | Present value of the minimum lease payments<br>RMB'000 | Total minimum lease payments<br>RMB'000 |
| Within 1 year | 8,852 | 9,257 | 9,014 | 9,546 |
| After 1 year but within 2 years | 3,387 | 3,537 | 5,316 | 5,567 |
| After 2 years but within 5 years | 1,999 | 2,114 | 3,954 | 4,153 |
| After 5 years | 295 | 314 | 403 | 440 |
| | 5,681 | 5,965 | 9,673 | 10,160 |
| | 14,533 | 15,222 | 18,687 | 19,706 |
| Less: total future interest expenses | | (689) | | (1,019) |
| Present value of lease liabilities | | 14,533 | | 18,687 |

At 31 December 2024, the above balance included lease liabilities in respect of certain leasehold properties leased from related parties of the Group of RMB784,000 (2023: RMB1,588,000).

## 31 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### (a) Current taxation in the consolidated statement of financial position represents:

| | **2024** | 2023 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| **Corporate Income Tax** | | |
| Prepaid tax | **3,192** | 14,529 |
| Current taxation | **(97,686)** | (72,016) |
| | **(94,494)** | (57,487) |

### (b) Deferred tax recognised:

*(i) Movements of each component of deferred tax assets and liabilities*

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

| | Deferred tax arising from | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Impairment losses | Unused tax losses | Right-of-use assets | Lease liabilities | Accrued expenses | Uncompleted property management contracts | Customer relationships | Withholding tax | Other temporary difference | Total |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| At 1 January 2023 | 38,731 | 1,356 | (24,179) | 31,233 | 5,493 | (7,136) | (71,866) | (6,683) | (1,125) | (34,176) |
| Credited/(charged) to profit or loss | 24,177 | 309 | 19,526 | (26,561) | – | 4,200 | 6,033 | 276 | – | 27,960 |
| Acquisitions of subsidiaries | – | 998 | – | – | – | – | (2,670) | – | – | (1,672) |
| At 31 December 2023 and 1 January 2024 | **62,908** | **2,663** | **(4,653)** | **4,672** | **5,493** | **(2,936)** | **(68,503)** | **(6,407)** | **(1,125)** | **(7,888)** |
| Credited/(charged) to profit or loss | **18,435** | **13,528** | **1,044** | **(1,039)** | **-** | **2,544** | **6,923** | **698** | **-** | **42,133** |
| Disposals of subsidiaries *(Note 34)* | **(5,153)** | **-** | **-** | **-** | **-** | **-** | **890** | **-** | **-** | **(4,263)** |
| At 31 December 2024 | **76,190** | **16,191** | **(3,609)** | **3,633** | **5,493** | **(392)** | **(60,690)** | **(5,709)** | **(1,125)** | **29,982** |

*(ii) Reconciliation to the consolidated statement of financial position*

| | **2024** | 2023 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| Net deferred tax assets in the consolidated statements of financial positions | **97,898** | 71,083 |
| Net deferred tax liabilities in the consolidated statements of financial positions | **(67,916)** | (78,971) |
| | **29,982** | (7,888) |

(Expressed in Renminbi unless otherwise indicated)

## 31 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*(continued)*

### (c) Deferred tax assets not recognised:

The Group has not recognised deferred tax assets in respect of unused tax losses of subsidiaries as it is not probable that sufficient future taxable profits will be available against which unused tax losses can be utilised. For the year ended 31 December 2024, the Group did not recognise deferred income tax assets in respect of losses amounting to RMB3,166,000 (2023: RMB187,000) that can be carried forward against future taxable income. Tax losses of group companies operated in the PRC could be carried forward for a maximum of ten years. These tax losses will expire in 5 years.

### (d) Deferred tax liabilities not recognised:

The PRC Corporate Income Tax Law and its implementation rules impose a withholding tax at 10%, unless reduced by a treaty or agreement, for dividends, distributed by a Chinese Mainland-resident enterprise to its immediate holding company outside the Chinese Mainland for profits generated and undistributed profits generated. According to the China-Hong Kong tax arrangement and its relevant regulations, a qualified Hong Kong tax resident which is the "beneficial owner" and holds 25% or more of a Chinese Mainland enterprise is entitled to a reduced withholding tax rate of 5%. As at 31 December 2024, the Group did not provide for deferred tax liabilities on profits generated by certain of its Chinese Mainland subsidiaries amounting to RMB758,359,000 (2023: RMB585,934,000) since the Group controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

## 32 CAPITAL, RESERVES AND DIVIDENDS

### (a) Share capital

*Authorised share capital*

The authorised share capital of the Company is HKD50,000,000 divided into 5,000,000,000 shares with the par value of HK$0.01 each.

| | At 31 December 2024 | | At 31 December 2023 | |
|---|---|---|---|---|
| | HK$ | RMB | HK$ | RMB |
| Issued and fully paid: 1,220,348,000 (31 December 2023: 1,220,348,000) ordinary shares of HK$0.01 each | 12,203,482 | 10,478,929 | 12,203,482 | 10,478,929 |

## 32 CAPITAL, RESERVES AND DIVIDENDS *(continued)*

### (b) Movements in components of equity of the Company

Details of the changes in the Company's individual components of equity are set out below:

| | Share capital RMB'000 | Share premium RMB'000 | Share option reserves RMB'000 | Treasury shares RMB'000 | Exchange reserve RMB'000 | Retained profits/ (Accumulated loss) RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2023** | 10,479 | 2,941,553 | 16,284 | – | 111,071 | 17,354 | 3,096,741 |
| **Changes in equity for 2023:** | | | | | | | |
| Total comprehensive income for the year | – | – | – | – | 44,693 | 196,620 | 241,313 |
| 2022 final dividend declared in respect of the previous year *(Note 32(d))* | – | – | – | – | – | (64,740) | (64,740) |
| 2023 interim dividend declared in respect of the current year *(Note 32(d))* | – | – | – | – | – | (136,313) | (136,313) |
| Forfeiture of share options | – | – | (16,284) | – | – | – | (16,284) |
| **Balance at 31 December 2023 and balance on 1 January 2024** | 10,479 | 2,941,553 | – | – | 155,764 | 12,921 | 3,120,717 |
| **Changes in equity for 2024:** | | | | | | | |
| Total comprehensive income for the year | – | – | – | – | 82,416 | 141,392 | 223,808 |
| 2023 final dividend declared in respect of the previous year *(Note 32(d))* | – | – | – | – | – | (75,569) | (75,569) |
| 2024 interim dividend declared in respect of the current year *(Note 32(d))* | – | – | – | – | – | (85,302) | (85,302) |
| **Balance at 31 December 2024** | 10,479 | 2,941,553 | – | – | 238,180 | (6,558) | 3,183,654 |

## 32 CAPITAL, RESERVES AND DIVIDENDS *(continued)*

### (c) Nature and purpose of reserves

*(i) PRC statutory reserves*

Statutory reserves are established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Group which are incorporated in Chinese Mainland until the reserve balance reaches 50% of their registered capital. The transfer to their reserves must be made before distribution of a dividend to equity holders.

For the companies concerned, statutory reserves can be used to cover previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of equity holders, provided that the balance of the reserve after such conversion is not less than 25% of the registered capital of the respective companies.

*(ii) Exchange reserve*

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Chinese Mainland. The reserve is dealt with in accordance with the accounting policies set out in note 2(w).

### (d) Dividends

*(i)* Dividends payable to equity shareholders of the Company attributable to the year ended 31 December 2024:

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Interim dividend declared and paid after the interim period of HK7.66 cents per ordinary share (2023: HK12.18 cents per ordinary share) | **85,302** | 136,313 |
| Final dividend proposed after the end of financial position date of HK6.28 cents (equivalent to RMB5.80 cents) per ordinary share (2023: HK6.82 cents (equivalent to RMB6.19 cents) per ordinary share) | **70,744** | 75,569 |
| | **156,046** | 211,882 |

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

## 32 CAPITAL, RESERVES AND DIVIDENDS *(continued)*

### (d) Dividends *(continued)*

*(ii)* Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the year:

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Final dividend in respect of the previous financial year, approved and paid during the year, of HK6.82 cents per ordinary share (2023: HK6.09 cents per ordinary share) | 75,569 | 64,740 |

### (e) Capital management

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

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

The Group monitors capital on the basis of the asset-liability ratio. This ratio is calculated as total liabilities divided by total assets.

As of 31 December 2024, asset-liability ratio of the Group is follows:

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Asset-liability ratio | 26% | 30% |

## 33 ASSET ACQUISITIONS

### (a) Zhongsheng'an

Shenzhen Zhongsheng'an Business Management Co., Ltd. (深圳市中盛安商業管理有限公司, "**Zhongsheng'an**"), previously FVPL held by the Group, became a wholly owned subsidiary of the Group upon the return of capital to the original controlling shareholder during the year.

Zhongsheng'an mainly held carpark spaces for sale. The transaction was accounted for as an asset acquisition of the Group. The transaction was made as part of the Group's strategy to expand carpark sales business.

The effect of the acquisition on the Group's assets and liabilities is set out as below:

| | RMB'000 |
|---|---|
| Inventories | 128,905 |
| Cash and cash equivalents | 26 |
| Current taxation | (3,593) |
| Trade and other payables | (2,805) |
| Fair value of net identified assets acquired | 122,533 |
| Fair value of the Group's previously held equity interest at the date of acquisition | (122,533) |
| Total cash consideration | – |

### (b) Zhenglian Haodong

During the year, the Group acquired 100% of equity interests of Zhenglian Haodong Technology Development Co., Ltd. (深圳市正聯浩東科技發展有限公司, "**Zhenglian Haodong**") from Excellence Group with a consideration of RMB1,600,000. The transaction was accounted for as an asset acquisition as the purpose of the transaction was to acquire software held by Zhenglian Haodong.

## 34 DISPOSAL OF SUBSIDIARIES

During the year, in order to concentrate its business to property management services, the Group disposed its non-core business to separate third parties at total consideration of RMB38,207,000. The combined net assets of the disposed subsidiaries at the respective disposal date were RMB39,065,000.

The combine effect of such disposals on the Group's assets and liabilities is set out below:

| | RMB'000 |
|---|---|
| Current assets | 347,793 |
| Non-current assets | 33,376 |
| Current liabilities | (324,291) |
| Non-current liabilities | (5,981) |
| Non-controlling interest | (11,832) |
| Net assets attributable to the Group disposed of | 39,065 |
| Total consideration | 38,207 |
| Consideration received, satisfied in cash | 26,503 |
| Cash and cash equivalents disposed of | (58,325) |
| Net cash outflow | (31,822) |

## 35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate, currency and fair value risks arise in the normal course of the Group's business.

Financial assets of the Group include cash and cash equivalents, restricted deposits, financial assets measured at FVPL, trade and other receivables and loans receivable. Financial liabilities of the Group include interest-bearing borrowings and trade and other payables.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

## 35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

### (a) Credit risk

The Group's credit risk is primarily attributable to cash at bank and restricted deposits, trade and other receivables and loans receivable. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The cash at bank and restricted deposits of the Group are mainly held with well-known financial institutions. Management does not foresee any significant credit risk from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

*Trade and other receivables*

The Group has a large group of customers from different sectors and there is no concentration of credit risk. It has set up procedures to monitor settlement of overdue property management fees. It uses debtors' aging analysis to assess customers' ability to settle in accordance with the contractual terms on a timely basis. The Group does not offer any credit period to our tenant customers except for certain large customers which have a credit period of generally one to three months.

In respect of trade receivables, the Group measures loss allowances at an amount equal to lifetime ECLs. The ECL rates take into account of different payment behaviours and credit terms granted to different customer types, such as, large group customers, commercial tenants and residential customers. The Group also considers significant changes in property management and other service fee collection rate when determining expected credit loss rate.

In respect of amounts due from related parties and other receivables, regular review and follow-up actions are carried out on long-aged receivables, which enable management to assess their recoverability and to minimise exposure to credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. Specific impairment losses have been made for the certain other receivables to reflect the relevant ECL.

The Group's exposure to credit risk arising from refundable rental deposits is considered to be low, taking into account (i) the landlords' credit rating and (ii) the remaining lease term and the period covered by the rental deposits.

## 35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

### (a) Credit risk *(continued)*

*Trade and other receivables (continued)*

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

| At 31 December 2024 | Expected loss rate | Gross carrying amount RMB'000 | Loss allowance RMB'000 |
|---|---|---|---|
| **Trade receivables – Third parties non-residential properties** | | | |
| Within 1 year | 2.9% | 627,399 | 17,912 |
| 1 to 2 years | 23.1% | 70,733 | 16,315 |
| 2 to 3 years | 45.9% | 29,896 | 13,717 |
| Over 3 years | 100.0% | 23,127 | 23,127 |
| | | 751,155 | 71,071 |
| **Trade receivables – Third parties residential properties** | | | |
| Within 1 year | 17.7% | 187,648 | 33,147 |
| 1 to 2 years | 40.8% | 63,010 | 25,722 |
| 2 to 3 years | 100.0% | 21,213 | 21,213 |
| Over 3 years | 100.0% | 17,774 | 17,774 |
| | | 289,645 | 97,856 |
| **Trade receivables – Related parties** | 10.9% | 666,055 | 72,378 |
| | | 1,706,855 | 241,305 |
| **Other receivables** | 7.1% | 369,260 | 26,235 |
| | | 2,076,115 | 267,540 |

## 35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

### (a) Credit risk *(continued)*

*Trade and other receivables (continued)*

| At 31 December 2023 | Expected loss rate | Gross carrying amount RMB'000 | Loss allowance RMB'000 |
|---|---|---|---|
| **Trade receivables – Third parties non-residential properties** | | | |
| Within 1 year | 1.4% | 569,327 | 7,940 |
| 1 to 2 years | 14.0% | 46,893 | 6,557 |
| 2 to 3 years | 45.7% | 11,939 | 5,462 |
| Over 3 years | 100.0% | 13,575 | 13,575 |
| | | 641,734 | 33,534 |
| **Trade receivables – Third parties residential properties** | | | |
| Within 1 year | 21.6% | 117,809 | 25,501 |
| 1 to 2 years | 71.0% | 23,163 | 16,446 |
| 2 to 3 years | 100.0% | 10,046 | 10,046 |
| Over 3 years | 100.0% | 13,581 | 13,581 |
| | | 164,599 | 65,574 |
| **Trade receivables – Related parties** | 9.2% | 554,498 | 51,290 |
| | | 1,360,831 | 150,398 |
| **Other receivables** | 1.7% | 380,935 | 6,341 |
| | | 1,741,766 | 156,739 |

Expected loss rates are based on actual loss experience over the past four years. These rates are adjusted to reflect differences between economic conditions during the reporting periods over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

In addition to the credit risk management policy stated above, the Group considers the probability of default upon initial recognition of assets and considers whether there has been a significant increase in credit risk on an ongoing basis. To assess whether there has been a significant increase in credit risk, the Group compares the risk of default occurring on an asset as at the end of each reporting period with the risk of default as at the date of initial recognition. Details of indicators are disclosed in note 2(l)(i).

## 35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

### (a) Credit risk *(continued)*

*Trade and other receivables (continued)*

The movement in the allowance for impairment of trade and other receivables during the year, including both specific and collective loss components, is as follows:

Impairment of trade and other receivables

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| At 1 January | 156,739 | 83,879 |
| Impairment loss recognised | 115,174 | 72,919 |
| Disposal of subsidiaries | (4,272) | – |
| Write-off | (101) | (59) |
| **At 31 December** | 267,540 | 156,739 |

*Loans receivable*

In respect of loans receivable, the Group has established relevant mechanism to cover credit risk in key operational phases of micro-lending business, including pre-lending evaluations, credit approval, and post-lending monitoring. The Group conducts customer acceptance and due diligence by business and marketing department and risk management department in pre-lending evaluations. In the credit approval phase, all loan applications are subject to the assessment and approval of the Group's deputy general manager, general manager or loan assessment committee, depending on the amount of the loans. During the post-lending monitoring, the Group keeps monitor the repayment of interests to detect any potential risks by evaluating various aspects, including but not limited to the customers' operational and financial conditions, status of collaterals and other sources of repayment.

At the end of each reporting period, based on the credit quality, loans receivable are categorised into three stages by the Group:

Stage 1

Loans receivable have not experienced a significant increase in credit risk since origination and impairment is recognised on the basis of 12 months expected credit losses (12-month ECLs).

Stage 2

Loans receivable have experienced a significant increase in credit risk since origination and impairment is recognised on the basis of lifetime expected credit losses (Lifetime ECLs non credit-impaired).

## 35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

### (a) Credit risk *(continued)*

*Loans receivable (continued)*

Stage 3

Loans receivable are in default and considered credit impaired (Lifetime ECLs credit-impaired).

The Group applies the ECL model to measure the impairment loss of the loans receivable by considering the probabilities of default, losses given default, exposures at default and forward-looking information (e.g. impact of development in macroeconomic environment and etc.).

The following table provides information about the Group's exposure to credit risk and ECLs for loans receivable as at 31 December:

| **At 31 December 2024** | **Expected loss rate** | **Gross carrying amount** | **Loss allowance** |
|---|---|---|---|
| **Loans receivable** | | | |
| – Stage 1 | **2.8%** | **621,449** | **17,485** |
| – Stage 3 | **24.0%** | **33,550** | **8,065** |
| | | **654,999** | **25,550** |

| At 31 December 2023 | Expected loss rate | Gross carrying amount | Loss allowance |
|---|---|---|---|
| **Loans receivable** | | | |
| – Stage 1 | 4.2% | 313,200 | 13,094 |
| – Stage 3 | 49.8% | 35,430 | 17,629 |
| | | 348,630 | 30,723 |

The movement in the allowance for impairment of loans receivable during the year is as follows:

| | **2024 RMB'000** | 2023 RMB'000 |
|---|---|---|
| At 1 January | **30,723** | 17,638 |
| Impairment loss (reversed)/recognised | **(5,173)** | 13,085 |
| **At 31 December** | **25,550** | 30,723 |

## 35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

### (a) Credit risk *(continued)*

*Financial guarantee issued*

The financial guarantee issued represents the guarantee on a loan and interest of the loan jointly guaranteed by Beijing Global and several other entities as set out in note 29. The loan was overdue during the year. The Group actively liaised with the borrower of the loan and holder of the guarantee so as to minimise its exposure to the guarantee.

The financial guarantee issued was determined at an amount equal to the ECL allowance measured on a lifetime basis, since the underlying loan was credit-impaired as at 31 December 2024. Management assessed the ECL allowance for the financial guarantee issued based on the expected payments including additional interest and penalty on overdue payments to reimburse the holder of the financial guarantee, taking into account the liquidation value of the pledged property. Management's assessment of the liquidation value of the pledged property is based on valuation prepared by JLL, which considers market prices of comparable properties and liquidity discount.

The following table provides information about the Group's exposure to credit risk and ECLs for financial guarantee issued as at 31 December:

| | **Carrying amount** | **Lifetime loss allowance (credit-impaired)** |
|---|---|---|
| | RMB'000 | RMB'000 |
| At 1 January 2023 | 62,371 | 47,771 |
| Impairment loss recognised | 10,062 | 10,062 |
| At 31 December 2023 and 1 January 2024 | **72,433** | **57,833** |
| Impairment loss recognised | **–** | **–** |
| **At 31 December 2024** | **72,433** | **57,833** |

## 35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

### (b) Liquidity risk

The Group's management reviews the liquidity position of the Group on an ongoing basis, including review of the expected cash inflows and outflows and maturity of loans and borrowings in order to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each reporting period) and the earliest date the Group can be required to pay:

| | As at 31 December 2024 | | | | | |
|---|---|---|---|---|---|---|
| | Contractual undiscounted cash outflow | | | | | |
| | Within 1 year or on demand RMB'000 | More than 1 year but less than 2 years RMB'000 | More than 2 years but less than 5 years RMB'000 | More than 5 years RMB'000 | Total RMB'000 | Carrying amount RMB'000 |
| Lease liabilities | 9,257 | 3,537 | 2,114 | 314 | 15,222 | 14,533 |
| Trade and other payables (excluding deposits, accrued payroll and other benefits and accrued charges) | 546,267 | – | – | – | 546,267 | 546,267 |
| Financial guarantee issued *(Note)* | 285,415 | – | – | – | 285,415 | 72,433 |
| | 840,939 | 3,537 | 2,114 | 314 | 846,904 | 633,233 |

| | As at 31 December 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Contractual undiscounted cash outflow | | | | | |
| | Within 1 year or on demand RMB'000 | More than 1 year but less than 2 years RMB'000 | More than 2 years but less than 5 years RMB'000 | More than 5 years RMB'000 | Total RMB'000 | Carrying amount RMB'000 |
| Lease liabilities | 9,546 | 5,567 | 4,153 | 440 | 19,706 | 18,687 |
| Trade and other payables (excluding deposits, accrued payroll and other benefits and accrued charges) | 707,258 | – | – | – | 707,258 | 707,258 |
| Financial guarantee issued *(Note)* | 283,488 | – | – | – | 283,488 | 72,433 |
| | 1,000,292 | 5,567 | 4,153 | 440 | 1,010,452 | 798,378 |

*Note:* The financial guarantee issued represents the maximum contractual payments to the holder before taking into account the realisable value of the relevant pledged assets.

## 35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is not exposed to significant interest rate risk for cash and cash equivalents or restricted cash because the interest rates of cash at bank are not expected to change significantly.

All of the lease liabilities and other borrowings of the Group are fixed rate instruments and are insensitive to any change in market interest rates. The Group does not have floating rate liabilities or loans as at 31 December 2024 and consequently does not have significant exposure to interest rate risk.

### (d) Currency risk

The functional currency of the Group's subsidiaries in Chinese Mainland is RMB. The Group considers the risk of movements in exchange rates to be insignificant except for dividends distributed by a Chinese Mainland-resident enterprise to its immediate holding company outside Chinese Mainland. Almost all of the Group's operating activities are carried out in Chinese Mainland with most of the transactions denominated in RMB. The cash held by the Company and Hong Kong subsidiary are denominated in Hong Kong dollar ("**HKD**") and the functional currency of these entities are HKD.

### (e) Fair value measurement

*(i) Fair value hierarchy*

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

– 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

The Group's Financial Management Department headed by the General Manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The Financial Management Department reports directly to the chief financial officer. At each reporting date, the Financial Management Department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the executive director. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

## 35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

### (e) Fair value measurement *(continued)*

#### *(i) Fair value hierarchy (continued)*

| | Note | Fair value at 31 December 2024 RMB'000 | Fair value measurements as at 31 December 2024 categorised into Level 1 RMB'000 | Level 2 RMB'000 | Level 3 RMB'000 |
|---|---|---|---|---|---|
| **Recurring fair value measurements** | | | | | |
| Asset: | | | | | |
| – Wealth management product | | **30,195** | **–** | **30,195** | **–** |

| | Note | Fair value at 31 December 2023 RMB'000 | Fair value measurements as at 31 December 2023 categorised into Level 1 RMB'000 | Level 2 RMB'000 | Level 3 RMB'000 |
|---|---|---|---|---|---|
| **Recurring fair value measurements** | | | | | |
| Asset: | | | | | |
| – Unlisted equity investment | | 120,000 | – | – | 120,000 |
| – Yaozhan Option Right | | 1,699 | – | – | 1,699 |
| Liability: | | | | | |
| – Contingent consideration | | 5,091 | – | – | 5,091 |

During the years ended 31 December 2023 and 2024, there were no transfers between Level 1 and Level 2 or transfers into or out of Level 3. 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.

### (f) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial assets and liabilities carried at amortised cost are not materially different from their fair values at 31 December 2024 and 2023.

## 36 COMMITMENTS

Commitments outstanding not provided for in the financial statements were as follows:

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Authorised but not contracted for | | |
| – acquisition of property, plant and equipment | **11,132** | 25,890 |
| – acquisition of intangible assets | **13,867** | 9,901 |
| | **24,999** | 35,791 |

## 37 CONTINGENCIES

On 9 November 2022, Excellence Property Management, an indirect wholly owned subsidiary of the Company was served with a notice of arbitration issued by the Shanghai Arbitration Commission and the other relevant documents in relation to a dispute in respect of acquisition of 40% equity interest in a project company ("**the Project Company**") which is currently 60% held by a disposed subsidiary of the Group ("**the Disposed Subsidiary**"), involving the Disposed Subsidiary and Excellence Property Management, as the respondents, and the beneficial owners of the 40% equity interest in the Project Company, as the applicants.

The applicants alleged that the Disposed Subsidiary, as an agent of Excellence Property Management, failed to acquire all the 40% equity interest in the Project Company owned by the applicants and claimed against the Disposed Subsidiary and Excellence Property Management to:

(i) pay the applicants RMB20.8 million being damages for the breach of the agreement;

(ii) acquire all the equity interest in the Project Company owned by the applicants at a cash consideration calculated based on 40% of the audited net profit of the Project Company for the year ended 31 December 2020, multiplied by 12; and

(iii) costs.

The Group has engaged legal advisors to handle the arbitration. Up to the date of these financial statements, no arbitral award was granted. The directors believed that Excellence Property Management should not be involved as a respondent under the arbitration and since the result of the arbitration cannot be estimated reliably as the date of these financial statements, no provision in respect of the arbitration was recognised.

## 38 RELATED PARTY TRANSACTIONS

In addition to the related party transactions and balances disclosed elsewhere in these financial statements, the Group also had the following related party transactions and related balances:

### (a) Material related party transactions

(i) The Group rendered properties management services and value-added services to Excellence Group and other related parties that included companies that were owned by or under significant influence of the Ultimate Controlling Shareholder and chairman of the board of the Group. The properties management service and value-added services revenue for the year ended 31 December 2024 were RMB186,474,000 (2023: RMB205,318,000) and RMB230,763,000 (2023: RMB383,994,000) respectively. The amount of trade receivables, contract assets and contract liabilities at 31 December 2024 were RMB672,655,000 (2023: RMB554,498,000), RMB1,712,000 (2023: RMB32,339,000) and RMB5,069,000 (2023: RMB29,283,000) respectively.

(ii) The Group purchased maintenance and other services as well as goods from related parties that included companies that were owned or under significant influence by Ultimate Controlling Shareholder and chairman of the board of the Group. The cost incurred in this regard for the year ended 31 December 2024 was RMB4,022,000 (2023: RMB2,125,000) and the amount payable at 31 December 2024 was RMB2,505,000 (2023: RMB604,000).

(iii) The Group entered into leases agreements in respect of certain leasehold properties from its related parties that included companies that were owned or under significant influence by Ultimate Controlling shareholder and chairman of the board of the Group. The amounts of lease payments by the Group under these leases for the year ended 31 December 2024 were RMB41,291,000 (2023: RMB65,732,000). The outstanding rent payable at 31 December 2024 was RMB18,518,000 (2023: RMB23,280,000).

(iv) The Group entered into certain carparks purchase agreements with Excellence Group and other related parties that included companies that were owned by or under significant influence of the Ultimate Controlling Shareholder and chairman of the board of the Group. The Group paid RMB572,657,000 in cash (2023: RMB25,069,000) and RMB128,000,000 settled by trade receivables to acquire carparks from these companies during the year ended 31 December 2024. The prepayment for uncompleted carparks for the year ended 31 December 2024 was RMB1,180,000 (2023: RMB30,920,000).

(v) The Group paid IT system support service fee of RMB12,080,000 (2023: RMB10,802,000) to Excellence Group during the year ended 31 December 2024.

## 38 RELATED PARTY TRANSACTIONS *(continued)*

### (b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 9 and certain of the highest paid employees as disclosed in note 10, is as follows:

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Salaries, allowances and benefits in kind | 4,784 | 7,688 |
| Discretionary bonuses | 1,584 | 2,065 |
| Retirement scheme contributions | 70 | 115 |
| Equity-settled share-based payment | – | (12,288) |
| | 6,438 | (2,420) |

Total remuneration is included in "staff costs" (see note 7(b)).

### (c) Applicability of the Listing Rules relating to connected transactions

Apart from the connected transactions and continuing connected transactions disclosed in the section headed "Connected Transactions" in the Directors' Report, all the other related party transactions did not fall under the scope of "Connected Transactions" or "Continuing Connected Transactions" under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## 39 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| **Non-current assets** | | |
| Investment in a subsidiary | 72,012 | 70,474 |
| Other receivables | 3,111,668 | 2,993,481 |
| | 3,183,680 | 3,063,955 |
| **Current assets** | | |
| Cash and cash equivalents | 11,190 | 67,088 |
| | 11,190 | 67,088 |
| **Current liability** | | |
| Other payables | 11,216 | 10,326 |
| **Net current (liabilities)/assets** | (26) | 56,762 |
| **Net assets** | 3,183,654 | 3,120,717 |
| Share capital | 10,479 | 10,479 |
| Reserves | 3,173,175 | 3,110,238 |
| **TOTAL EQUITY** | 3,183,654 | 3,120,717 |

(Expressed in Renminbi unless otherwise indicated)

## 40 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(a) Subsequent to the end of the reporting period, the board of the directors proposed a final dividend. Further details are disclosed in note 32(d).

(b) On 12 February 2025, the Group entered into an agreement with Excellence Group pursuant to which (i) the Group shall sell equity of Shenzhen Zhuotou Micro-Lending Co., Ltd. (深圳市卓投小額貸款有限責任公司), a subsidiary of the Group ("**disposal Company**"), at a consideration of RMB337.79 million; and (ii) the Group shall acquire the equity of Shenzhen Excellence Real Estate Investment Co., Ltd. (深圳市卓越不動產投資有限公司) and certain commercial apartments at a total consideration of RMB251.48 million. The consideration of the disposal shall be wholly offset by the consideration for the acquisitions and the remaining RMB86.31 million to be settled in cash. Upon completion, the disposal Company cease to be a subsidiary of the Group and the Group will not record any significant gain on or loss from the disposal.

## 41 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2024, the directors consider the ultimate controlling party and the immediate parent of the Group is Mr. Li Wa and Urban Hero respectively.

## 42 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2024

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

| | **Effective for accounting periods beginning on or after** |
|---|---|
| Amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* | 1 January 2025 |
| Amendments to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments* | 1 January 2026 |
| *Annual improvements to HKFRSs – Volume 11* | 1 January 2026 |
| HKFRS 18, *Presentation and disclosure in financial statements* | 1 January 2027 |
| HKFRS 19, *Subsidiaries without public accountability: disclosures* | 1 January 2027 |

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Year ended 31 December | | | | |
|---|---|---|---|---|---|
| | 2020<br>RMB'000 | 2021<br>RMB'000 | 2022<br>RMB'000 | 2023<br>RMB'000 | **2024<br>RMB'000** |
| **Revenue** | 2,525,087 | 3,467,066 | 3,527,396 | 3,926,808 | **4,232,236** |
| Cost of sales | (1,861,275) | (2,507,439) | (2,683,050) | (3,180,117) | **(3,438,779)** |
| Gross profit | 663,812 | 959,627 | 844,346 | 746,691 | **793,457** |
| Other revenue | 22,970 | 45,518 | 66,736 | 52,758 | **16,204** |
| Other net gain | 35,350 | 7,345 | 11,150 | 13,744 | **43,161** |
| Impairment losses on receivables, contract assets and issued financial guarantees | (14,320) | (12,898) | (84,175) | (96,696) | **(110,001)** |
| Impairment loss on goodwill | – | – | (28,159) | – | |
| Selling and marketing expenses | (15,419) | (18,637) | (28,936) | (45,521) | **(48,340)** |
| Administrative expenses | (194,667) | (203,352) | (174,144) | (232,702) | **(260,156)** |
| **Profit from operations** | 497,726 | 777,603 | 606,818 | 438,274 | **434,325** |
| Finance costs | (29,535) | (20,705) | (9,136) | (5,941) | **(2,255)** |
| Share of profits less profits of an associate | 1,212 | 1,387 | 1,524 | 8,075 | **6,932** |
| Share of profits less losses of joint ventures | 7,346 | 7,450 | 822 | 2,403 | **498** |
| **Profit before taxation** | 476,749 | 765,735 | 600,028 | 442,811 | **439,500** |
| Income tax | (120,827) | (218,254) | (173,573) | (119,464) | **(104,526)** |
| **Profit for the year** | 355,922 | 547,481 | 426,455 | 323,347 | **334,974** |
| **Attributable to:** | | | | | |
| Equity shareholders of the Company | 324,987 | 510,088 | 403,494 | 302,688 | **312,091** |
| Non-controlling interests | 30,935 | 37,393 | 22,961 | 20,659 | **22,883** |
| Profit for the year | 355,922 | 547,481 | 426,455 | 323,347 | **334,974** |
| Items that may be reclassified subsequently to profit or loss: | | | | | |
| Exchange differences on translation of financial statements of the Company and overseas subsidiaries | (55,621) | (66,025) | (22,759) | 1,110 | **(1,008)** |
| Total comprehensive income for the year | 300,301 | 481,456 | 403,696 | 324,457 | **333,966** |
| **Attributable to:** | | | | | |
| Equity shareholders of the Company | 269,366 | 444,063 | 380,735 | 303,798 | **311,083** |
| Non-controlling interests | 30,935 | 37,393 | 22,961 | 20,659 | **22,883** |
| **Total comprehensive income for the year** | 300,301 | 481,456 | 403,696 | 324,457 | **333,966** |
| **Earnings per share (RMB cents)** | | | | | |
| Basic | 33.7 | 41.7 | 33.1 | 24.8 | **25.6** |
| Diluted | 33.6 | 41.7 | 33.1 | 24.8 | **25.6** |

# Five-Year Financial Summary

## CONSOLIDATED ASSETS, EQUITY AND LIABILITIES

| | As at 31 December | | | | |
|---|---|---|---|---|---|
| | 2020<br>RMB'000 | 2021<br>RMB'000 | 2022<br>RMB'000 | 2023<br>RMB'000 | **2024**<br>**RMB'000** |
| **Assets** | | | | | |
| Non-current assets | 595,740 | 559,117 | 942,057 | 926,496 | **1,317,425** |
| Current assets | 4,334,214 | 4,513,019 | 4,070,075 | 4,271,894 | **3,822,768** |
| **Total assets** | 4,929,954 | 5,072,136 | 5,012,132 | 5,198,390 | **5,140,193** |
| **Equity and liabilities** | | | | | |
| **Total equity** | 3,256,286 | 3,466,432 | 3,589,299 | 3,652,696 | **3,797,513** |
| Non-current liabilities | 430,678 | 132,225 | 198,327 | 93,735 | **73,597** |
| Current liabilities | 1,242,990 | 1,473,479 | 1,224,506 | 1,451,959 | **1,269,083** |
| **Total liabilities** | 1,673,668 | 1,605,704 | 1,422,833 | 1,545,694 | **1,342,680** |
| **Total equity and liabilities** | 4,929,954 | 5,072,136 | 5,012,132 | 5,198,390 | **5,140,193** |