建發物業管理集團有限公司
C&D Property Management Group Co., Ltd
(Incorporated in the British Virgin Islands with limited liability)
Stock Code: 2156

2023 Annual Report

國內一流的城市空間運營服務商
a first class urban service operator in the PRC

CONTENTS

This annual report is made in English and Chinese. In the case of any inconsistency, the English version shall prevail.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Qiao Haixia *(Chief Executive Officer)*
Mr. Huang Danghui

Non-executive Directors

Mr. Lin Weiguo *(Chairman)*
Mr. Xu Yixuan

Independent Non-executive Directors

Mr. Lee Cheuk Yin Dannis
Mr. Li Kwok Tai James
Mr. Wu Yat Wai

AUDIT COMMITTEE

Mr. Lee Cheuk Yin Dannis *(Committee Chairman)*
Mr. Li Kwok Tai James
Mr. Wu Yat Wai

REMUNERATION COMMITTEE

Mr. Wu Yat Wai *(Committee Chairman)*
Mr. Lin Weiguo
Mr. Lee Cheuk Yin Dannis
Mr. Li Kwok Tai James

NOMINATION COMMITTEE

Mr. Lin Weiguo *(Committee Chairman)*
Mr. Lee Cheuk Yin Dannis
Mr. Li Kwok Tai James
Mr. Wu Yat Wai

COMPANY SECRETARY

Ms. Kam Mei Ha Wendy *(FCG, HKFCG)*

AUTHORISED REPRESENTATIVES

Ms. Qiao Haixia
Ms. Kam Mei Ha Wendy *(FCG, HKFCG)*

REGISTERED OFFICE

2/F, Palm Grove House
P.O. Box 3340
Road Town, Tortola
British Virgin Islands ("BVI")

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 3517, 35/F
Wu Chung House
213 Queen's Road East
Wan Chai
Hong Kong

HEADQUARTERS AND REGISTERED OFFICE IN THE PEOPLE'S REPUBLIC OF CHINA ("PRC")

Unit 703, 7th Floor
C&D International Building
No.1699 Huandao East Road
Xiamen, PRC

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE BVI

Tricor Services (BVI) Limited
2/F, Palm Grove House
P.O. Box 3340
Road Town, Tortola
BVI

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

CORPORATE INFORMATION

AUDITOR
Grant Thornton Hong Kong Limited

LEGAL ADVISER AS TO HONG KONG LAWS
King & Wood Mallesons

PRINCIPAL BANKER
Bank of China

COMPANY'S WEBSITE
www.cndservice.com
(the contents of which do not form part of this annual report)

STOCK CODE
2156

* The English translation of the name of the companies established in the PRC is for reference only. The official names of the companies are in Chinese.

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present the annual report of C&D Property Management Group Co., Ltd ("C&D Property" or the "Company", and together with its subsidiaries, the "Group") for the year ended 31 December 2023 (the "Year"):

I. ANALYSIS ON ECONOMIC LANDSCAPE

Looking back at 2023, impacted by the sluggish recovery of the global economy, the fundamentals of the rebound were still required to be consolidated amidst evident constraints of insufficient demand and prominent structural problems, despite the continued recovery of the Chinese economy.

Meanwhile, the property management industry experienced a decline in growth due to the market anticipation that there was a downturn in the real estate market, coupled with consumption downgrading. In such context, only by adhering to long-termism and the "customer-centric" development strategy can the industry break through challenges, navigate through the economic cycle, and ultimately realize high-quality development path of performance growth driven by customer satisfaction.

II. RESULTS AND DIVIDEND

During the Year, the Group achieved operating revenue of approximately RMB3,569.3 million, representing a year-on-year increase of 55.8%, among which, revenue from property management services was approximately RMB1,418.0 million, representing a year-on-year increase of 36.8%; revenue from community value-added and synergy services was approximately RMB1,374.8 million, representing a year-on-year increase of 189.0%; revenue from value-added services to non-property owners was approximately RMB707.1 million, representing a year-on-year decrease of 6.3%; revenue from commercial property operation management services was approximately RMB69.3 million, representing a year-on-year increase of 188.3%.

The Group recorded a significant growth in revenue, which was mainly due to the fact that (1) the growth of revenue from basic property management service was driven by the increase in the management scale during the Year; (2) the diversification strategy continued to make progress and achieved breakthroughs, particularly in undertaking the home furniture services, and the revenue from community value-added and synergy services witnessed significant growth during the Year in line with the delivery of projects.

The Group continued to optimize its management structure, strengthen refined management and embrace intelligent services, achieving a healthy trend of growth in both revenue and profit, as well as the profit attributable to owners of the Company for the Year of RMB467.3 million, representing a year-on-year increase of 89.0%.

The board of directors ("Board") of the Company recommended to declare a final dividend of HK$0.16 per Share and a special dividend of HK$0.1 per Share for the celebration of the third anniversary of the Company's listing, subject to the approval of the forthcoming annual general meeting of the Company (the "AGM").

III. BUSINESS REVIEW

During the Year, by focusing on the work philosophy of "strengthening the foundation, improving quality, improving efficiency, and promoting growth", while consistently adhering to the "customer-centric" principle under the leadership by the Board, the Group strengthened the fundamental businesses and solidified its foundation while driving innovation to further improve the service capabilities, thus offering high quality living spaces and leading a better life.

(1) Maintaining a benchmark level of service and providing high-quality services with warmth

The Group focused on providing customers with high-quality services. During the Year, the Group organized activities based on the twenty-four solar terms to promote folk culture and create service scenarios in alignment with the Chinese-style products, thereby enhancing the property owners' living experience. Internally, the Group continued to strengthen training for grassroots positions so that timely, accurate and professional services would be provided. The Group also continued to push forward with refined management to improve customer satisfaction. During the Year, the Group's property management service satisfaction score of FG Consulting (賽惟) was 93 (out of 100), which maintained the industry benchmark level.

During the Year, with its strong fundamentals and service capabilities, the Group ranked the 25th in the "2023 Top 100 Property Management Companies in the PRC", the 6th in the "2023 TOP10 Leading Listed Property Management Companies in the PRC in terms of High-Quality Development", the 7th in the "2023 Top 10 Integrated Strength Property Management State-owned Companies in the PRC", and was granted the honorary title of "2023 TOP20 High-End Property Management Service Companies in the PRC", which further enhanced its brand awareness.

(2) Hitting the record high of 100 million sq.m. in contracted GFA with the transformation from residential to non-residential sectors starting to bear fruits

As at 31 December 2023, the Group's contracted GFA of property management service was 101.8 million sq.m., representing a year-on-year increase of 12.4%; the GFA under management of property management service was 61.4 million sq.m., representing a year-on-year increase of 33.0%.

In terms of project expansion, in the face of the increasing competition in the market, the Group adhered to the expansion principle of "pursuing both profit and scale", and actively explored quality non-residential expansion opportunities outside the Fujian Province by stepping out of the comfort zone and breaking through the boundaries of expansion, winning bids for a number of quality non-residential projects such as Jiangsu Rushang Science and Technology Building* (江蘇儒商科技大廈), Shenzhen Junrui Building* (深圳珺睿大廈), Hangzhou Yunjian Industrial Park* (杭州雲尖產業園）, and Chengdu Artificial Intelligence (East Zone) Research and Development Centre* (成都人工智能(東區)研發中心).

In terms of new business types, the Group actively sought a breakthrough and entered into an all-round cooperation with Xiamen Xin'an Village Economic Cooperative* (廈門新垵村經濟合作社) in the field of urban services. In terms of the expansion of commercial property operation management services, by cultivating the key capabilities of asset-light output and making good use of its state-owned background and experience, the Group successfully obtained the open block "T-one" project in Zhangzhou, with its overall management scale exceeding one million sq.m. for the first time.

During the Year, the value of the Group's newly secured contracts from independent third parties amounted to RMB827.9 million, representing a year-on-year increase of 7.8%, of which the value of the newly secured non-residential contracts from independent third parties exceeded that of the newly secured residential contracts from independent third parties for the first time.

(3) Continuously tapping into customer needs and enhancing the revenue contribution from value-added services

By continuing to tap into customer needs, the Group's revenue from community value-added and synergy services accounted for 38.5% of the total revenue during the Year, representing a year-on-year increase of 17.7 percentage points, becoming a significant driver for revenue growth:

In terms of housekeeping services, the Group collaborated with high-quality suppliers to provide property owners with the unique experience in professional services that cater to their various needs, including move-in cleaning, daily maintenance cleaning and home organization and storage. In terms of the merchandise retail services, in line with consumer trends, the Group optimized product selection to create self-managed products with high value for money and continued to enrich the product portfolio. In terms of home beauty services, we launched the pilot self-operated services for balcony enclosure and custom closets, winning high praise from property owners.

The Haicang Yibai Elderly Care Centre* (海滄溢佰養老中心) (the "Haicang Yibai Elderly Care Centre") officially opened, and the occupancy rate of the C&D Yibai Elderly Care Centre* (建發溢佰養老中心) (the "C&D Yibai Elderly Care Centre") further increased to 88.9%. Simultaneously, in terms of smart community services, Xiamen Zhaohui Internet Technology Company Limited* (廈門兆慧網絡科技有限公司) secured an additional 14 software copyrights and applied for 15 patents during the Year. Empowered by technological innovation, we continued to see growth in smart engineering, smart communities, and smart homes. In terms of real estate brokerage and asset management services, we continued to refine and improve our team's professionalism, while continuously optimizing our business model.

(4) Taking multiple measures to facilitate the payment collection, ensuring the profits under the "immediately available cash" model

With the entire industry facing challenges in payment collections during the Year, the Group continued to comb the payment collection policy for receivables by regulating the action standards for payment collection, and continuing to optimize the payment collection incentive mechanism. For certain projects experiencing difficulties in payment collection, specific payment collection plans were formulated with regular assessment and summary performed, so that solutions and measures were timely adjusted. With multiple measures in place during the Year, the Group managed a fairly satisfying collection rate, stabilizing our healthy business operations.

(5) Strengthening the development of information technology to enhance efficiency at lower costs

The Group continued to iterate and upgrade various information technology platforms and tools. By focusing on "budget, revenue, cost, main data, human resources, and large operations" to create a "6+X" comprehensive information management platform, we continued to improve internal management efficiency, laying a solid foundation for cost reduction and efficiency enhancement.

As for projects, by digitizing cleaning work orders, and optimizing the human-machine combination mode for various scenarios, we achieved quantification of cleaning work orders and platform supervision, thereby reducing the difficulty of cleaning management, while achieving cost reduction and efficiency improvement. In terms of fire safety smartization, the Group completed the smartization for a total of 20 old projects, achieving 24-hour real-time monitoring to ensure the immediate warning of anomalies, significantly reducing fire safety hazards and providing a safe and secure living environment for property owners.

IV. FUTURE DEVELOPMENT AND OUTLOOK

Looking forward to 2024, with the mission of "creating high-quality living spaces and leading a better life", the Group will continue with the operating strategy of "strengthening the foundation, improving quality, improving efficiency, and promoting growth" to create more value for property owners, Shareholders, and society.

(1) Continuing to refine our service quality to create high-quality living spaces for property owners

The Group continues to optimize the work and inspection standards, and solidify fundamental service quality under the customer-centric approach. By implementing the "Everyday Excellence" series of special operations in four dimensions, including "enhancing perception, providing convenience, creating distinctiveness and inspiring momentum", we establish a reputation for services that create high-quality living spaces for property owners, thereby boosting the satisfaction of property owners.

(2) Continuing to optimize expansion structure, while actively exploring opportunities from new business types

The Group will focus on expansion opportunities in first-tier, second-tier, and strong third-tier cities. Under the premise of adhering to the "profit and safety bottom line requirements", we will actively undertake external expansion work. On top of deepening our advantageous foothold in the residential sector under the expansion principle of "good quality and quantity", we will promote the structured transformation from "residential to non-residential sectors", with a focus on opportunities from the expansion of premium business types, such as office buildings and industrial parks in the non-residential sector.

(3) Continuing to explore customer needs, innovate business models, and actively promote the development of value-added services

For community value-added and synergy services, the Group will continue to identify the real demands of customers, innovate business models, integrate internal resources, and provide property owners with more and better products and services. In terms of the smart community services segment, we will actively embrace new technologies by focusing on technological application capabilities to enhance our commercialization capabilities. In terms of the elderly care segment, we will continue to optimize and improve the standards to form a standardized service system that is operational, replicable, and measurable, and actively promote the improvement in the occupancy rate of the Haicang Yibai Elderly Care Centre.

(4) Continuing to promote technological innovation and application to enhance human resource efficiency and satisfaction

In the new year, the Group will continue to push forward with technological innovation and application. By deepening technological empowerment, we will resolve the difficulties of property owners to enhance their living experience, and build communities integrated with technology and warmth. Through systems, standards, and information systems, we will align daily working standards with inspection and evaluation in terms of consistency, and focus on our objectives to improve management efficiency.

Looking into 2024, facing a more complex external environment, the Group will bear in mind our service commitment, where we will continue to strive for the desire of our property owners for a better life, and provide each of them with high-quality services, safeguarding their trust forever.

APPRECIATION

I would like to take this opportunity to express my sincere gratitude to the members of the Board and all the staff for their dedication, professionalism and determination to the Company. I would also like to extend my heartfelt appreciation to the property owners, Shareholders and business partners for their support and trust.

C&D Property Management Group Co., Ltd
Lin Weiguo
Chairman and Non-executive Director

Hong Kong, 21 March 2024

MANAGEMENT DISCUSSION AND ANALYSIS

1. MARKET REVIEW

In 2023, property service companies actively embraced market changes with a focus on quality services, seeking long-term cooperation and stable development. With the market competition currently shifting from the "incremental" market to the "existing" market, as well as the mergers and acquisitions market returning to rationality, property service companies are no longer solely pursuing absolute "quantity" but are emphasizing high-quality and profitable growth. At the same time, they actively choose to "cut off" projects that are dragging down performance in order to "stabilize" earnings and lay the foundation for sustainable development. Only by actively improving their business level and service quality, adhering to long-termism and the "customer-centric" development strategy, as well as improving customer satisfaction from the perspective of owners' needs, property service enterprises can break through challenges and identify more development opportunities to achieve sustainable, stable and healthy growth.

2. BUSINESS REVIEW

(1) Overview

In April 2023, we were honoured as one of the "Top 100 Property Management Companies in the PRC* (中國物業服務百強企業)" by China Index Academy and ranked 25th, with five places improved as compared with 2022. Through upholding our service philosophy of "offering high quality living spaces and leading a better life", we envisage to become an outstanding property management services provider in the PRC.

As at 31 December 2023, our property management portfolio covered 63 cities across 16 provinces, municipalities and autonomous regions in the PRC, including first-tier cities, such as Beijing, Shanghai, Guangzhou and Shenzhen. Our contracted GFA was approximately 101.8 million sq.m., among which, the GFA under management reached approximately 61.4 million sq.m.. As at 31 December 2023, we provided services to over 375,000 households.

Our four main business lines, namely, (i) property management services; (ii) community value-added and synergy services; (iii) value-added services to non-property owners and (iv) commercial property operation management services, have formed an integrated service offering to our customers and have covered the entire value chain of property management.

(2) Property Management Services

We provided a range of property management services to property owners and residents of our managed properties as well as property developers, including greening, gardening and order maintenance for public areas, cleaning, parking management, repair and maintenance services for public facilities, etc.. Our property management portfolio covered residential properties and non-residential properties, including commercial and office buildings, industrial parks, government buildings and public facilities, hospitals and schools, etc.. We charged property management fees primarily on a lump-sum basis, with a comparatively fewer amount of total revenue charged on a commission basis.

For the Year, our Group's revenue from property management services was approximately RMB1,418.0 million, representing an increase of approximately 36.8% from approximately RMB1,036.2 million for the year ended 31 December 2022. The increase in revenue from property management services was primarily driven by the fast growth of our total GFA under management.

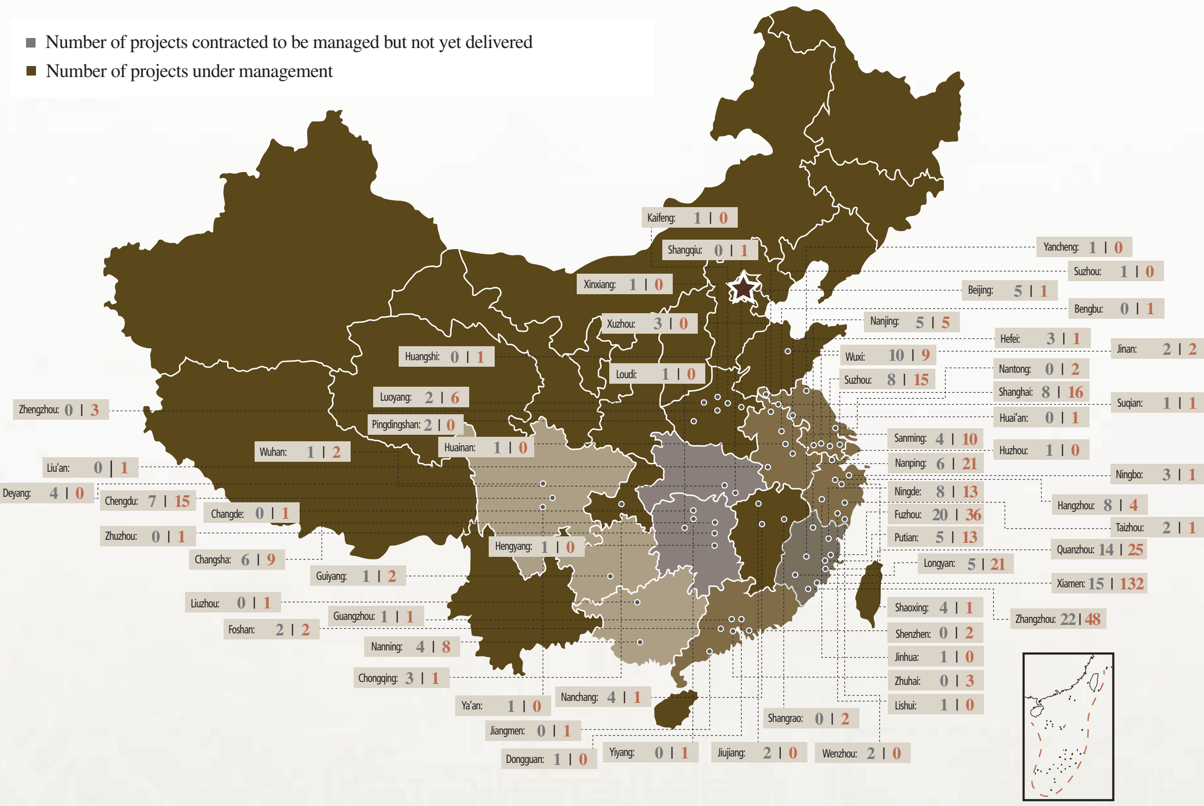
GFA and the number of projects

As at 31 December 2023, we had contracted GFA of approximately 101.8 million sq.m., and our number of contracted projects was 659, representing an increase of approximately 12.4% and 12.8% respectively as compared with those as at 31 December 2022 (as at 31 December 2022: approximately 90.6 million sq.m., and 584 projects). As at 31 December 2023, the GFA under management reached approximately 61.4 million sq.m., and number of projects under management was 445, representing an increase of approximately 33.0% and 26.1% respectively as compared with those as at 31 December 2022 (as at 31 December 2022: approximately 46.2 million sq.m., and 353 projects).

Geographic Coverage

As at 31 December 2023, we had 659 contracted projects covering 63 cities across 16 provinces, municipalities and autonomous regions in the PRC, with 445 projects under management, covering 46 cities, serving over 375,000 households.

The map below illustrates the geographic coverage of the properties under our management as at 31 December 2023 in terms of (i) contracted GFA; and (ii) GFA under management, respectively:



The table below sets out breakdown of the contracted GFA and GFA under management by geographic region as at 31 December 2023 and 2022:

	As at 31 December			
	2023		2022	
	Contracted GFA ’000 sq.m.	**GFA under management ’000 sq.m.**	Contracted GFA ’000 sq.m.	GFA under management ’000 sq.m.
Haixi Cluster (Note 1)	**58,795**	**38,313**	52,379	28,898
Eastern China Cluster (Note 2)	**22,280**	**12,222**	18,891	8,208
Southeast China Cluster (Note 3)	**20,722**	**10,914**	19,288	9,098
Total	**101,797**	**61,449**	90,558	46,204

Notes:

1. As at 31 December 2023, cities in the Haixi Cluster included Longyan, Putian, Quanzhou, Xiamen, Zhangzhou, Foshan, Guangzhou, Jiangmen, Shenzhen, Zhuhai, Dongguan, Liuzhou, Nanning, Guiyang, Changde, Hengyang, Loudi, Yiyang, Changsha, Zhuzhou, Jiujiang, Nanchang, Shangrao, Chengdu, Deyang, Ya'an and Chongqing. As at 31 December 2022, cities in the Haixi Cluster included Longyan, Putian, Quanzhou, Xiamen, Zhangzhou, Foshan, Guangzhou, Jiangmen, Shenzhen, Zhuhai, Liuzhou, Nanning, Guiyang, Changde, Hengyang, Loudi, Yiyang, Changsha, Zhuzhou, Jiujiang, Nanchang, Shangrao, Chengdu, Deyang, Ya'an and Chongqing.

2. As at 31 December 2023, cities in the Eastern China Cluster included Bengbu, Hefei, Huainan, Liu'an, Suzhou（宿州）, Beijing, Luoyang, Pingdingshan, Shangqiu, Xinxiang, Kaifeng, Zhengzhou, Huangshi, Wuhan, Huai'an, Nanjing, Nantong, Suzhou, Suqian, Wuxi, Xuzhou, Yancheng, Jinan and Shanghai. As at 31 December 2022, cities in the Eastern China Cluster included Bengbu, Hefei, Huainan, Liu'an, Suzhou (宿州), Beijing, Luoyang, Pingdingshan, Shangqiu, Xinxiang, Zhengzhou, Huangshi, Wuhan, Huai'an, Nanjing, Nantong, Suzhou, Suqian, Wuxi, Xuzhou, Yancheng, Jinan and Shanghai.

3. As at 31 December 2023, cities in the Southeast China Cluster included Fuzhou, Ningde, Nanping, Sanming, Hangzhou, Huzhou, Jinhua, Ningbo, Shaoxing, Taizhou, Lishui and Wenzhou. As at 31 December 2022, cities in the Southeast China Cluster included Fuzhou, Ningde, Nanping, Sanming, Hangzhou, Huzhou, Jinhua, Ningbo, Shaoxing, Taizhou, and Wenzhou.

Source of Projects

As at 31 December 2023, the contracted GFA for property management services with the Company's controlling shareholder, Xiamen C&D and its subsidiaries, associates and joint ventures (excluding the Group) ("Xiamen C&D Group"), was approximately 61.6 million sq.m., representing an increase of approximately 12.4% from approximately 54.8 million sq.m. as at 31 December 2022.

While maintaining close business relationship with Xiamen C&D Group, we also took initiatives to further expand the scale of our property management service business and increase our market share in the industry through multiple channels. As at 31 December 2023, our contracted GFA for property management services with independent third parties was approximately 40.2 million sq.m., representing an increase of approximately 12.4% from approximately 35.8 million sq.m. as at 31 December 2022.

The table below sets out the Group's GFA under management as at 31 December 2023 and 2022 and the breakdown of our revenue from our property management services derived from property projects by property developers for each of the years ended 31 December 2023 and 2022:

	As at 31 December/For the year ended 31 December					
	2023			2022		
	GFA under management '000 sq.m.	**Revenue RMB'000**	**% of revenue**	GFA under management '000 sq.m.	Revenue RMB'000	% of revenue
Xiamen C&D Group	**39,556**	**857,853**	**60.5**	27,937	587,667	56.7
Independent third parties	**21,893**	**560,149**	**39.5**	18,267	448,508	43.3
Total	**61,449**	**1,418,002**	**100.0**	46,204	1,036,175	100.0

Types of Managed Properties

We focused on providing property management services to residential communities in the PRC, while we also endeavoured to diversify our property management portfolio by extending our services to an increasing variety of non-residential properties (including commercial and office buildings, industrial parks, government buildings and public facilities, hospitals and schools). As at 31 December 2023, our contracted GFA for non-residential properties was approximately 7.8 million sq.m., representing an increase of approximately 40.7% from approximately 5.5 million sq.m. as at 31 December 2022.

The table below sets out the Group's GFA under management as at 31 December 2023 and 2022 and the breakdown of our revenue from our property management services by type of property for each of the years ended 31 December 2023 and 2022:

	As at 31 December/For the year ended 31 December					
	2023			2022		
	GFA under management '000 sq.m.	Revenue RMB'000	% of revenue	GFA under management '000 sq.m.	Revenue RMB'000	% of revenue
Residential	56,703	1,112,349	78.4	41,952	788,948	76.1
Non-residential	4,746	305,653	21.6	4,252	247,227	23.9
Total	61,449	1,418,002	100.0	46,204	1,036,175	100.0

Revenue Model

We generally determined the revenue model of property management services based on the following factors, including but not limited to: (i) the type(s), scale(s) and location(s) of managed properties; (ii) the nature and scope of the services to be provided; (iii) expected personnel and material inputs; and (iv) arm's length negotiation with our customers. During the Year, we mainly charged property management fees on a lump-sum basis, while a few property management service projects were charged on commission basis.

The table below sets out the Group's GFA under management as at 31 December 2023 and 2022 and the breakdown of our revenue from our property management services by revenue model for each of the years ended 31 December 2023 and 2022:

	As at 31 December/For the year ended 31 December					
	2023			2022		
	GFA under management '000 sq.m.	Revenue RMB'000	% of revenue	GFA under management '000 sq.m.	Revenue RMB'000	% of revenue
Lump-sum basis	60,294	1,389,006	98.0	45,572	1,012,208	97.7
Commission basis	1,155	28,996	2.0	632	23,967	2.3
Total	61,449	1,418,002	100.0	46,204	1,036,175	100.0

(3) Community Value-added and Synergy Services

We provided a variety of community value-added and synergy services mainly by ourselves or third-party sub-contractors or service companies. The services mainly included: (i) home living services, such as housekeeping and cleaning services, repair and maintenance services and merchandise retail services; (ii) home beauty services, providing turn-key move-in services* (拎包入住服務) with one-stop home beauty solutions for overall design, interior home furnishing and appliances installation and home furniture services, etc.; (iii) real estate brokerage and asset management services, including services for secondary sales or rental transactions of properties and/or car parking spaces and inventory property* (尾盤) sales services for unsold property units of property developers; (iv) value-added services for public areas, including leasing out public areas and advertising spots; (v) elderly-care & health value- added services, mainly including the operation of C&D Yibai Elderly Care Centre, an elderly care centre operated by the Group; and (vi) smart community services, mainly design and construction services of smart property management services and operation of our mobile application "Huishenghuo* (慧生活)".

The Group's revenue from community value-added and synergy services for the Year was approximately RMB1,374.8 million, representing an increase of approximately 189.0% from approximately RMB475.8 million for the year ended 31 December 2022. The increase was mainly due to the expansion of our customer base as a result of the increase in the area under management, as well as the continuous enrichment of our service offerings under the community value-added and synergy services. The Group has been providing home furniture services which are part of the home beauty services for the first-hand properties since 2021, and has delivered three projects for the Year. Therefore, the revenue from the home furniture services business for the Year was approximately RMB683.6 million, representing a growth of approximately 24 times compared to approximately RMB26.9 million in the previous year. The scale of the home furniture services depends on the number of projects undertaken by the Group during the year, while market demand, policy environment, and other factors would affect the continuity of such business, or result in possible decrease in the future.

The table below sets out the breakdown of our revenue derived from the provision of different types of community value-added and synergy services for each of the years ended 31 December 2023 and 2022:

	For the year ended 31 December			
	2023		2022	
	Revenue RMB'000	**%**	Revenue RMB'000	%
Smart community services	**223,221**	**16.2**	118,622	24.9
Home living services	**207,109**	**15.1**	144,337	30.4
Home beauty services	**748,944**	**54.5**	69,089	14.5
Real estate brokerage and asset management services	**74,898**	**5.5**	49,505	10.4
Value-added services for public areas	**76,303**	**5.5**	57,000	12.0
Elderly-care & health value-added services	**44,371**	**3.2**	37,231	7.8
Total	**1,374,846**	**100.0**	475,784	100.0

(4) Value-added Services to Non-property Owners

We mainly provided (i) consultancy services to property developers and other non-property owners during the property development and construction stages on aspects such as project design and construction materials from the perspective of property management and operation and requirement of the property owners; and (ii) reception, order maintenance and cleaning services to property developers and other non-property owners at the pre-sales centres.

Our revenue from value-added services to non-property owners for the Year was approximately RMB707.1 million, representing a decrease of approximately 6.3% from approximately RMB754.5 million for the year ended 31 December 2022. The decrease was mainly due to a decrease in the number of pre-sales centres required by cooperative property developers for cost-saving.

The table below sets out the breakdown of our revenue from our value-added services to non-property owners for each of the years ended 31 December 2023 and 2022:

	For the year ended 31 December			
	2023		2022	
	Revenue RMB'000	**%**	Revenue RMB'000	%
Reception, order maintenance and cleaning services	**701,747**	**99.2**	747,660	99.1
Consultancy services	**5,402**	**0.8**	6,811	0.9
Total	**707,149**	**100.0**	754,471	100.0

(5) Commercial Property Operation Management Services

Since September 2022, we commenced the commercial property operation management services to promote complementary advantages, making the Group an asset-light service provider of "property management + commercial operation", as well as broaden and enrich our business foundation. We provided commercial property operation management services to owners of various types of commercial properties such as office buildings and shopping malls. We provided commercial property operation management services to: (i) commercial properties during pre-opening stage, such as positioning, planning and design consultancy services, etc.; and (ii) established commercial properties, such as provision of tenant and lease management, operation management and planning and marketing services.

During the Year, our revenue from commercial property operation management services was approximately RMB69.3 million. As at 31 December 2023, we provided our services to 21 business projects and the GFA of the commercial properties under management of the Group was 1.05 million sq.m..

3. FINANCIAL REVIEW

Revenue

Due to our continuous business development, the Group's revenue for the Year was approximately RMB3,569.3 million, representing an increase of approximately 55.8% from approximately RMB2,290.5 million for the year ended 31 December 2022.

The table below sets out the revenue of the Group by business line for each of the years ended 31 December 2023 and 2022:

	For the year ended 31 December			
	2023		2022	
	RMB'000	**%**	RMB'000	%
Property management services	**1,418,002**	**39.7**	1,036,175	45.3
Community value-added and synergy services	**1,374,846**	**38.5**	475,784	20.8
Value-added services to non-property owners	**707,149**	**19.8**	754,471	32.9
Commercial property operation management services	**69,327**	**2.0**	24,043	1.0
Total	**3,569,324**	**100.0**	2,290,473	100.0

Property management services was the Group's largest source of revenue. During the Year, the revenue from property management services was approximately RMB1,418.0 million, accounting for approximately 39.7% of total revenue. The increase in revenue from property management services was primarily driven by the fast growth of our total GFA under management. During the Year, our total GFA under management increased from approximately 46.2 million sq.m. as at 31 December 2022 to approximately 61.4 million sq.m. as at 31 December 2023, which resulted from both our steady cooperation with cooperative property developers and our efforts to expand the third-party customer base.

The revenue from community value-added and synergy services increased by approximately 189.0% from approximately RMB475.8 million for the year ended 31 December 2022 to approximately RMB1,374.8 million for the Year, which was mainly due to the delivery of home furniture services (which are part of home beauty services) undertaken by the Group. Revenue of approximately RMB683.6 million was generated, representing an increase of approximately 24 times of revenue of approximately RMB26.9 million from the previous year. The scale of the home furniture services depends on the number of projects undertaken by the Group during the year, while market demand, policy environment, and other factors would affect the continuity of such business, or result in possible decrease in the future.

The revenue from value-added services to non-property owners decreased by approximately 6.3% from approximately RMB754.5 million for the year ended 31 December 2022 to approximately RMB707.1 million for the Year, which was mainly due to a decrease in the number of pre-sales centres required by cooperative property developers for cost-saving.

Since September 2022, we commenced the commercial property operation management services to broaden and enrich our business foundation. During the Year, the revenue from the commercial property operation management services was approximately RMB69.3 million (for the year ended 31 December 2022: RMB24.0 million).

Cost of sales

Cost of sales increased by approximately 46.4% from approximately RMB1,753.5 million for the year ended 31 December 2022 to approximately RMB2,567.9 million for the Year, primarily due to the scale-up of our business.

Gross profit

As a result of the above principal factors, the Group's gross profit increased by approximately 86.5% from approximately RMB537.0 million for the year ended 31 December 2022 to approximately RMB1,001.5 million for the Year, with gross profit margin of approximately 23.4% and 28.1% respectively. The increase in gross profit margin was mainly due to delivery of the home furniture services during the year, the scale of which depends on the number of projects undertaken by the Group during the year, while market demand, policy environment, and other factors would affect the continuity of such business, or result in possible decrease in the future. Excluding the impact of this business, the gross profit margin of the Group for the year is basically the same as that of the previous year.

Other income

Other income increased from approximately RMB16.5 million for the year ended 31 December 2022 to approximately RMB17.3 million for the Year, mainly due to an increase in amounts free from payment obligations.

Selling and marketing expenses

The Group's selling and marketing expenses increased from approximately RMB7.6 million for the year ended 31 December 2022 to approximately RMB8.0 million for the Year, mainly due to an increase in promotional expenses.

Administrative and other operating expenses

The Group's administrative and other operating expenses mainly included staff cost (including the cost of the 2021 and 2023 Restricted Share Incentive Schemes), travelling and entertainment expenses, consultancy fee, telecommunication and utilities, depreciation, office expenses and other expenses (mainly including bank handling fees, gains and losses on disposal of assets, recruitment cost and insurance fees).

During the Year, the Group's total administrative and other operating expenses amounted to approximately RMB355.8 million, representing an increase of approximately 23.9% from approximately RMB287.2 million for the year ended 31 December 2022, which was mainly due to the growth of our business volume, increase in headcount and average wages of administration staff as well as increase in office expenses, consultancy fee and travelling and entertainment expenses due to expansion of our business scale.

Net provision for ECL allowance on trade and other receivables

The Group's net provision for ECL allowance on trade and other receivables decreased from approximately RMB4.6 million for the year ended 31 December 2022 to approximately RMB3.2 million for the Year, mainly due to a lower estimated credit risk of other receivables at the closing period.

Net finance income

The Group's net finance income mainly included interest income on bank deposit, interest income on amounts due from related parties and lease liability interest relating to lease liabilities arising from leased properties used for the Group's office. During the Year, the Group's net finance income was approximately RMB75.8 million, representing an increase of approximately 6.6% as compared with approximately RMB71.1 million for the year ended 31 December 2022, which was mainly due to the enhanced return on capital as a result of the effective capital management by the Group.

Profit before income tax

Due to the combined effect of the abovementioned factors, the profit before income tax of the Group for the Year was approximately RMB727.5 million, representing an increase of approximately 124.0% as compared with approximately RMB324.7 million for the year ended 31 December 2022.

Income tax expense

Income tax expense increased from approximately RMB73.4 million for the year ended 31 December 2022 to approximately RMB180.2 million for the Year, representing an increase of approximately 145.5%. The increase was mainly attributable to an increase in the Group's profit before tax due to growth of business.

Profit for the year attributable to equity holders of the Company

Profit for the year attributable to equity holders of the Company for the Year was approximately RMB467.3 million, representing an increase of approximately 89.0% as compared with approximately RMB247.2 million for the year ended 31 December 2022.

Property, plant and equipment

Property, plant and equipment of the Group mainly consisted of leasehold improvement, electronic equipment and other fixed assets. As at 31 December 2023, the Group's property, plant and equipment amounted to approximately RMB51.4 million, representing an increase of approximately 44.5% from approximately RMB35.6 million as at 31 December 2022, which was mainly due to the acceptance of the renovation and remodeling projects for new elderly-care service institutions for the Year.

Trade and other receivables

The Group's trade and other receivables were mainly from property management services income from properties managed on a lump-sum basis and trade receivables of value-added services as well as other receivables from payments on behalf of property owners in respect of utilities and maintenance costs. As at 31 December 2023, the Group's trade and other receivables were approximately RMB541.8 million, representing an increase of approximately 51.3% as compared with approximately RMB358.1 million as at 31 December 2022, which was mainly due to the expansion of our business scale.

Cash and cash equivalents

As at 31 December 2023, the Group's cash and cash equivalents were approximately RMB2,952.4 million, representing an increase of approximately 9.2% as compared with approximately RMB2,703.1 million as at 31 December 2022. The increase was mainly due to the expansion of our business scale for the Year. About 99% of cash and bank balances held by the Group was denominated in Renminbi, and about 1% was denominated in HK dollars.

Trade and other payables

The Group's trade and other payables mainly included trade payables, amounts collected on behalf of property owners, received deposits (保證金) and accrued staff costs and welfares. As at 31 December 2023, our trade and other payables were approximately RMB1,282.3 million, representing an increase of approximately 36.2% from approximately RMB941.2 million as at 31 December 2022, which was mainly due to the increase of our property management scale, the increase in payables to third parties, provisions for employee salaries and the increase in collections on behalf other parties.

Contract liabilities

Contract liabilities of the Group were service prepayment paid by customers for the services which had not been provided and not been recognised as revenue. As at 31 December 2023, our contract liabilities amounted to approximately RMB446.4 million, representing a decrease of approximately RMB543.7 million from approximately RMB990.1 million as at 31 December 2022, primarily due to the income recognised from the delivery of home furniture services during the Year.

Liquidity and financial resources

The Group continued to satisfy its requirement for working capital, capital expenditure and other capital requirement through cash generated from its operation. During the Year, the Group's net cash from operating activities was approximately RMB185.5 million, representing a decrease of approximately 62.6% as compared with approximately RMB495.7 million for the year ended 31 December 2022, mainly due to the payment of costs for home furniture services for the Year, resulting in the increase in capital outflows.

As at 31 December 2023, the net current assets of the Group was approximately RMB1,700.2 million, representing an increase of approximately RMB548.7 million from net current assets of approximately RMB1,151.5 million as at 31 December 2022, mainly due to the increase in account receivables in line with the increase in business scale. As at 31 December 2023, the Group's current ratio (total current assets divided by total current liabilities) was approximately 1.9x (as at 31 December 2022: approximately 1.6x). As at 31 December 2023, the Group's cash at banks and on hand amounted to approximately RMB2,968.3 million (as at 31 December 2022: approximately RMB2,736.0 million).

As at 31 December 2023, the Group's gearing ratio (sum of current liabilities and non-current liabilities divided by sum of current assets and non-current assets) was approximately 51.8% (as at 31 December 2022: approximately 61.5%).

As at 31 December 2023, the Group had interest-bearing borrowings of approximately RMB19.6 million denominated in RMB which carried interest on a floating rate basis (as at 31 December 2022: approximately RMB10.0 million denominated in RMB).

Charges on the Group's assets

As at 31 December 2023 and 2022, there were no charges on the Group's assets.

Principal risks and uncertainties

Government Policy Risk

The Company's business growth is, and will likely continue to be, affected by the PRC government regulations of our industry. The PRC government has continued to introduce various restrictive measures to discourage speculation in the real estate market. Through these policies and measures, the PRC government may restrict or reduce property development activities and affect the delivery schedule and occupancy rates of the properties we provide services. Any such governmental regulations and measures may affect the PRC real estate industry, thus limiting our business growth and resulting in a material adverse effect on our business, financial position and results of operations. The Group will continue to enrich the business structure to ensure a stable property management revenue, thereby minimizing the impact.

Future Acquisition or Expansion Risk

In addition to our organic growth, when suitable opportunities arise, the Company will also explore selective investments in or acquisitions of other property management companies in the PRC. However, there can be no assurance that the Company will be able to identify suitable opportunities. Acquisitions involve uncertainties and risks, including but not limited to, potential ongoing financial obligations and unforeseen or hidden liabilities, failure to achieve the intended objectives, benefits or revenue-enhancing opportunities, and diversion of resources and management attention. Even if the Company manages to identify suitable opportunities, the Company may not be able to complete the acquisitions on terms favourable or acceptable to us, in a timely manner, or at all. The inability to identify suitable acquisition targets or complete acquisitions could materially and adversely affect our competitiveness and growth prospects. Given the above, the Company will identify acquisition targets in a cautious manner.

Significant investments, material acquisitions and disposals of subsidiaries, joint ventures and associates

The Group did not hold any significant investment or significant securities investment as part of its asset portfolio, or had no material acquisition or disposal of any subsidiaries, joint ventures and associates during the Year.

Contingent liabilities

As at 31 December 2023, the Group had no significant contingent liabilities.

Interest rate risk

As the Group had no significant interest-bearing assets and liabilities for the Year, the Group was not exposed to material risk directly relating to changes in market interest rate.

Foreign exchange risk

The principal activities of the Group were conducted in the PRC, and a majority of the Group's income and expenses were denominated in Renminbi. Therefore, the Group was not exposed to material risk directly relating to foreign exchange rate fluctuation (except certain bank balances were denominated in Hong Kong dollars). During the Year, the Group did not use any financial instruments to hedge its exposure to foreign exchange risk, but the management will continue to monitor the foreign exchange exposure, and take prudent measures to reduce the foreign exchange risk.

Events after reporting period

As at the date of this annual report, the Group did not have material subsequent events after the reporting period.

Future plans for material investments or capital assets

The Board currently does not have any future plans for material investments or capital assets.

Employment and remuneration policy

The Group adopted remuneration policies similar to its peers in the industry. The remuneration payable to our staff was fixed by reference to the duties and the prevailing market rates in the region. Discretionary performance bonus after assessments was paid to employees to reward their contributions. In compliance with the applicable statutory requirements in the PRC and existing requirements of the local government, the Group has participated in different social welfare plans for our employees. Restricted share incentive schemes were adopted to motivate the management and core staff of the Company.

The same remuneration philosophy is also applicable to the Directors. Apart from benchmarking against the market, the Company reviews individual competence, contributions and the affordability of the Company in determining the exact level of remuneration for each Director.

As at 31 December 2023, the Group had 15,087 employees (as at 31 December 2022: 13,897 employees).

4. OUTLOOK AND PROSPECT

In 2024, due to the macro environment and the downward trend in the real estate industry, the property management industry will proceed steadily with a new and more cautious approach. By upholding high-quality growth and maintaining high-quality services, the deepening of customer-centric business models will become an important task for benchmarked property service companies.

(1) Strengthening basic services to create high-quality living spaces for property owners

Confronted with new market conditions and customer expectations, property management companies adopt a more robust strategic direction and improve customer loyalty and satisfaction by refining and optimizing the quality of basic services, with the aim to maintain stable cash flows and business fundamentals.

As a result, the Company will undertake a series of specific actions from four dimensions of "enhancing perception, providing convenience, creating distinctiveness and inspiring momentum". It will consistently strengthen the accessibility of basic services, creating high-quality living spaces for property owners while maintaining a core competitive advantage of higher customer satisfaction.

(2) Optimizing expansion structure and strengthening the competitive advantages of non-residential sectors

At this stage, benchmarked property service companies are continuing to deepen and advance the structured transformation from "residential to non-residential sectors", constantly strengthening and deepening the cultivation of service layout in non-residential sectors. To achieve this, the Company will focus on the expansion principle of "good price and quantity", seize expansion opportunities in first-tier, second-tier, and strong third-tier cities under the premise of adhering to the "profit and safety bottom line requirements", drive service structure optimization, enhance the capabilities of service in high-quality sectors such as office buildings and industrial parks, and strengthen competitive advantages in non-residential sectors.

(3) Exploring customer needs and driving the growth of value-added services based on life scenarios

In the trend of continuous market iteration and change, an increasing number of specialized value-added service opportunities have emerged. The boundaries of property services are also expanding in line with customers' diverse life scenarios. The Company will constantly explore customers' real needs, integrate high-quality internal and external resources, innovate business models, and continue to explore opportunity for layouts in various segmented markets based on customers' life scenarios, with the aim to meet customers' growing demand for high-quality services.

(4) Encouraging technological innovation to realize dual gains in efficiency and satisfaction

Embracing the wave of intelligence, empowering technology firmly and enhancing management efficiency, the Group will further optimize internal management mechanisms. It will encourage the implementation and promotion of small-scale innovation, fully mobilize the subjective initiative of all employees, and promote a management model of "improvement by all, excellence in every aspect (人人改善、事事精益)". It will constantly iterate the technological and organizational capabilities to realize dual gains in efficiency and satisfaction.

In conclusion, with the mission of "creating high-quality living spaces and leading a better life", the Group will consistently consolidate its advantages in three-dimensional service system of "service capability, organizational strength and technological power", by way of strengthening the foundation, improving quality, improving efficiency, and promoting growth, with the aim to create more value for property owners, shareholders and the society, and achieve long-term stable development of the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

CHAIRMAN OF THE BOARD AND NON-EXECUTIVE DIRECTOR

Mr. Lin Weiguo (林偉國先生) ("Mr. Lin"), aged 45, was appointed as a Director on 22 September 2020 until his re-designation as a non-executive Director on 28 September 2020 and was appointed as chairman of the Board ("Chairman") on 25 August 2022.

Mr. Lin worked as a financial manager, manager, regional sales director of a branch of Xiamen Overseas Chinese Electronic Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600870), from March 2000 to September 2007, where Mr. Lin was responsible for regional financial work and business management work of the relevant company. Mr. Lin has joined C&D Real Estate Corporation Limited* (建發房地產集團有限公司) ("C&D Real Estate") since September 2007 and worked as a financial controller from July 2013 to January 2016, an assistant to general manager from February 2016 to January 2017, and a deputy general manager from February 2017 to December 2022. Mr. Lin has been a director, the general manager and the vice secretary of the party committee of C&D Real Estate and a member of the party committee of Xiamen C&D Corporation Limited since April 2019, December 2022, March 2023 and February 2023, respectively. Mr. Lin was the financial controller of C&D International Investment Group Limited ("CDI" or "C&D International"), a company listed on the Stock Exchange (stock code: 1908) from March 2015 to March 2016 and was the chief operating officer of CDI from March 2016 to March 2019. Mr. Lin has been an executive director and the chief executive officer of CDI since March 2019. He currently serves as a director and legal representative of various subsidiaries of C&D Real Estate and the Group. Mr. Lin has been a director of C&D Holsin Engineering Consulting Co., Ltd. (formerly known as Holsin Engineering Consulting Group Co., Ltd.), a company listed on the Shanghai Stock Exchange (stock code: 603909), since December 2021 and was appointed as the chairman in August 2022.

Mr. Lin was recognised as a senior economist by Senior Position Review Committee of Economics in Xiamen in August 2015 and senior accountant by Fujian Human Resources and Social Security Bureau in August 2016.

Mr. Lin obtained a bachelor's degree in accounting from Anhui University of Finance and Economics in July 2010.

EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

Ms. Qiao Haixia (喬海俠女士) ("Ms. Qiao"), aged 48, was appointed as a Director from 22 September 2020 until her re-designation as the Company's executive Director on 28 September 2020. She was also appointed as the Company's chief executive officer on 28 September 2020.

Ms. Qiao has over 23 years of experience in the property management business. Ms. Qiao worked as a property management staff in Huijia (Xiamen) Property Management Company Limited* (匯嘉(廈門)物業管理有限公司) ("Huijia") from December 1999 to May 2003. From February 2005 to May 2015, Ms. Qiao held different positions including manager of property management department, assistant to general manager, vice general manager, general manager in Yijiayuan (Xiamen) Property Management Company Limited* (怡家園(廈門)物業管理有限公司) ("Yijiayuan"), and she has been the chairperson of the board of directors of Yijiayuan since May 2015. Ms. Qiao has been a member of the party committee of C&D Real Estate since September 2017. Ms. Qiao has been the chairperson of the board of C&D Property Service Group Limited* (建發物業服務集團有限公司) ("C&D Property Service") since February 2018. Ms. Qiao has also worked as the chairperson, director and general manager of various subsidiaries of the Group.

Ms. Qiao was recognised as a certified intermediate property manager by the Ministry of Housing and Urban-Rural Development of the PRC (中國住房和城鄉建設部) in February 2014.

Ms. Qiao obtained a bachelor's degree in accounting (foreign trade accounting) in Northeastern University in 1999.

EXECUTIVE DIRECTOR

Mr. Huang Danghui (黃黨輝先生) ("Mr. Huang"), aged 52, was appointed as a Director from 22 September 2020 until his re-designation as an executive Director on 28 September 2020.

Mr. Huang has over 25 years of experience in the property management business. Mr. Huang worked as a project manager in Huijia from April 1999 to March 2005. From March 2005 to June 2022, Mr. Huang held different positions including manager of service centre, assistant to general manager, vice general manager, general manager and director of Yijiayuan. He is currently a director of various subsidiaries of the Group.

Mr. Huang obtained a diploma in international finance from Xiamen University in 1993.

NON-EXECUTIVE DIRECTOR

Mr. Xu Yixuan (許伊旋先生) ("Mr. Xu"), aged 45, has been appointed as a non-executive Director with effect from 25 August 2022.

Mr. Xu joined C&D Real Estate in 2004 and served as deputy general manager of Design Management Center, general manager of Engineering Management Center, general manager of Xiamen Business Department, general manager of Southeast Regional Branch, etc. He is currently a deputy manager in C&D Real Estate, the chairman of the Southeast cluster of C&D Real Estate and a director and the legal representative of some subsidiaries of C&D Real Estate and CDI.

Mr. Xu graduated from Fuzhou University with a bachelor's degree in Art Theory, and is an industrial artist.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lee Cheuk Yin Dannis (李卓然先生), aged 53, was appointed as an independent non-executive Director on 23 December 2020.

Mr. Lee Cheuk Yin Dannis has served as the managing director of DLK Advisory Limited, a company engaged in financial advisory and investment consulting services, since October 2009. Mr. Lee Cheuk Yin Dannis served as an executive director of AMVIG Holdings Limited, a company listed on the Stock Exchange (stock code: 2300), from September 2001 to March 2010; an executive director and a non-executive director of BeijingWest Industries International Limited, a company listed on the Stock Exchange (stock code: 2339), from October 2003 to August 2005 and from August 2005 to January 2009, respectively; and an executive director of AMCO United Holdings Limited, a company listed on the Stock Exchange (stock code: 630), from October 2010 to October 2011.

Mr. Lee Cheuk Yin Dannis has been an independent non-executive director and chairman of audit committee of Tiangong International Company Limited, a company listed on the Stock Exchange (stock code: 826), since September 2010; an independent non-executive director of CMBC Capital Holdings Limited, a company listed on the Stock Exchange (stock code: 1141), since June 2017; and an independent non-executive director of Cathay Media and Education Group Inc., a company listed on the Stock Exchange (stock code: 1981), since June 2020. He was also an independent non-executive director of Southern Energy Holdings Group Limited, a company listed on the Stock Exchange (stock code: 1573), from June 2016 to October 2019 and an independent non-executive director and chairman of audit committee of Geely Automobile Holdings Limited, a company listed on the Stock Exchange (stock code: 175), from June 2002 to May 2022; and an independent director of Gridsum Holdings Inc., the American depository shares of which are listed on NASDAQ (stock code: GSUM) from June 2017 to March 2021. He was appointed as an independent non-executive director of Luen Thai Holdings Limited, a company listed on the Stock Exchange (stock code: 311), with effect from 25 May 2023.

Mr. Lee Cheuk Yin Dannis obtained a bachelor's degree in business administration from Texas A&M University in the United States in October 1992. Mr. Lee Cheuk Yin Dannis has become an associate member of the Hong Kong Institute of Certified Public Accountants since June 1996 and a member of the American Institute of Certified Public Accountants since April 1995. Mr. Lee Cheuk Yin Dannis possesses over 28 years of experience in accounting and auditing field.

Mr. Lee Cheuk Yin Dannis was a non-executive director of Norstar Founders Group Limited (now known as BeijingWest Industries International Ltd.) ("Norstar"), a company listed on the Stock Exchange (stock code: 2339), from 19 August 2005 to 15 January 2009, during which as a non-executive director, at all relevant times he had no involvement in the day-to-day operation or management of Norstar. Norstar is incorporated in the Cayman Islands and was the subject of a winding up petition and a provisional liquidator was appointed on 6 February 2009. The winding up petition was dismissed and provisional liquidator was discharged in January 2014. According to the announcements published by Norstar, it was the subject of a scheme of arrangement to restructure its debts whereby certain rights and claims of Norstar were assigned to administrators of the scheme of arrangement on behalf of Norstar's creditors. A writ of summons (the "Writ") was issued in June 2014 against, among others, Mr. Lee Cheuk Yin Dannis as a former director of Norstar. To the best knowledge and belief of the Company, the Writ alleged, among other things, various breaches of duties, contracts and applicable laws and regulations but it did not set out the basis or the specific incidents supporting the allegations therein. Further, Mr. Lee Cheuk Yin Dannis confirmed that (i) he was not aware of the matters alleged in the Writ, and (ii) he was never served any notice of proceedings or the Writ, and according to a letter from the plaintiff's solicitor to the solicitors of Mr. Lee Cheuk Yin Dannis, the Writ has been extended until 25 June 2016 and has expired without further application for extension. In view of (i) his lack of involvement in the day-to-day operation and management in Norstar during his time as a non-executive director of Norstar, (ii) the fact that the plaintiff has not served the Writ on Mr. Lee Cheuk Yin Dannis and the Writ has expired without further application, and (iii) continuing engagement of Mr. Lee Cheuk Yin Dannis as director of other companies listed on the Stock Exchange, the Company believes that Mr. Lee Cheuk Yin Dannis remains suitable to be an independent non-executive Director under Rules 3.08 and 3.09 of the Listing Rules.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Li Kwok Tai James (李國泰先生), aged 55, was appointed as an independent non-executive Director on 23 December 2020.

Mr. Li Kwok Tai James served as a staff accountant in the audit department of Ernst & Young from May 1994 to January 1997; a senior accountant in the global corporate finance department of Arthur Andersen from May 1998 to January 2000; a senior associate of DBS Asia Capital Limited from January 2000 to January 2001; a manager in the listing division of Hong Kong Exchanges and Clearing Limited, a company listed on the Stock Exchange (stock code: 388), from September 2002 to June 2006; a senior manager in the corporate finance execution department of BNP Paribas Capital (Asia Pacific) Limited from June 2006 to May 2007; a vice president in the investment banking coverage department of J.P. Morgan Securities (Asia Pacific) Limited from May 2007 to December 2008; a vice president of New World Strategic Investment Limited, a wholly-owned subsidiary of New World Development Company Limited, a company listed on the Stock Exchange (stock code: 17), from April 2009 to April 2010; a director in the investment banking division of CGS-CIMB Securities (Hong Kong) Limited (formerly known as CIMB Securities Limited, a wholly-owned subsidiary of CIMB Group Sdn Bhd) from April 2010 to January 2017; and a managing director of HeungKong Financial Group Limited from July 2017 to May 2018. Mr. Li Kwok Tai James served as a managing director in the investment banking department of Shanggu Securities Limited from June 2018 to April 2023 and an independent non-executive director of Huasheng International Holding Limited, a company listed on the Stock Exchange (stock code: 1323) from September 2020 to March 2024. Mr. Li Kwok Tai James has been an independent non-executive director and chairman of audit committee of Powerwin Tech Group Limited, a company listed on the Stock Exchange (stock code: 2405), since March 2023.

Mr. Li Kwok Tai James obtained a bachelor's degree in engineering from the University of Liverpool in the United Kingdom in 1990; a master's degree in science from the University of Manchester in the United Kingdom in 1991; and a bachelor of laws degree from the University of London in the United Kingdom in 2005. Mr. Li Kwok Tai James has been a member of the American Institute of Certified Public Accountants since September 1999 and an associate member of the Hong Kong Institute of Certified Public Accountants since March 2000. Mr. Li Kwok Tai James was a committee member of the corporate finance advisory panel of the Hong Kong Institute of Certified Public Accountants from February 2015 to January 2021.

Mr. Wu Yat Wai (胡一威先生) ("Mr. Wu"), aged 55, was appointed as an independent non-executive Director on 23 December 2020.

Mr. Wu served as an analyst of the treasury department of The Hong Kong Jockey Club from September 1992 to April 1993; an assistant manager and manager of the corporate trust department of Bankers Trust Company from April 1993 to July 1995; an investment analyst of Credit Lyonnais Securities (Asia) Limited from November 1996 to April 2000; a senior vice president of the equity research division in Hong Kong of Lehman Brothers Asia Limited from April 2000 to May 2005; and a managing director of the global investment research division of Goldman Sachs (Asia) L.L.C. from May 2005 to May 2016. Mr. Wu has served as an independent non-executive director of Haitong Unitrust International Financial Leasing Co., Ltd., a company listed on the Stock Exchange (stock code: 1905), since May 2017.

Mr. Wu obtained a bachelor's degree in business administration from Hong Kong Baptist College (currently known as Hong Kong Baptist University) in 1991; and a master's degree in accounting and finance from London School of Economics and Political Science in the United Kingdom in 1992.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Please refer to the paragraphs headed "Executive Director and Chief Executive Officer" and "Executive Director" above for the biographical details of Ms. Qiao and Mr. Huang.

Ms. Luo Yi (駱藝女士) ("Ms. Luo"), aged 55, was appointed as the Company's chief financial officer on 28 September 2020 and has resigned her position as chief financial officer on 3 April 2024.

Before joining the Group, Ms. Luo worked as technician of engineering department, statistician of sales department, dean of general management department of finance department and manager of financial department in Xiamen Overseas Chinese Electronic Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600870), from February 1990 to April 2012, where she was responsible for business and financial related works.

Ms. Luo worked as a financial manager in Huijia from May 2012 to February 2014, manager of audit department and chief financial officer in Yijiayuan from March 2014 to February 2016 and March 2017 to January 2018, respectively, chief financial officer in C&D Property Service from February 2018 to March 2019. Ms. Luo acted as the assistant to group general manager in C&D Property Service from April 2019 to January 2021 and she has been the group deputy general manager since February 2021.

Ms. Luo was recognised as an intermediate accountant by the Ministry of Finance of the PRC in May 2006.

Ms. Luo obtained a diploma in microelectronic technology from South China University of Technology in July 1988.

Ms. Li Ting (李婷女士) ("Ms. Li"), aged 40, was appointed as the chief financial officer of the Company with effect from 3 April 2024.

Ms. Li has been engaged in finance for nearly 18 years and has accumulated extensive experience in financial management. Before joining the Group, Ms. Li worked as an accountant and data analyst in the ABB (China) Ltd. Xiamen branch from April 2011 to September 2014, and a project accountant, general ledger accountant, project finance manager, accounting manager and tax manager of Xiamen Longfor Dejia Property Co., Ltd. (廈門龍湖德嘉置業有限公司) from October 2014 to February 2021. Ms. Li joined the Group in March 2021 and acted as the general manager of the financial management department, financial operation department and financial investment centre department of C&D Property Service Group Limited* (建發物業服務集團有限公司) and currently serves as the group chief financial officer of C&D Property Service Group Limited* (建發物業服務集團有限公司).

Ms. Li obtained a bachelor's degree in finance from Xiamen University in July 2006.

COMPANY SECRETARY

Ms. Kam Mei Ha Wendy (甘美霞女士) ("Ms. Kam"), aged 56, was appointed as company secretary of the Company on 9 September 2022. Ms. Kam is an executive director of Corporate Services Division of Tricor Services Limited. Ms. Kam is a Chartered Secretary and a Fellow of both The Hong Kong Chartered Governance Institute (the "HKCGI", formerly "The Hong Kong Institute of Chartered Secretaries") and The Chartered Governance Institute (formerly "The Institute of Chartered Secretaries and Administrators") in the United Kingdom. She is also a holder of the Practitioner's Endorsement from HKCGI. Ms. Kam has more than 25 years of experience in the company secretary profession and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. With effect from 1 February 2024, Ms. Kam was appointed by the Financial Secretary of Hong Kong as the member of the Standing Committee on Company Law Reform (SCCLR) for a term of 2 years.

DIRECTORS' REPORT

The Directors are pleased to present to the Shareholders the annual report and the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company and the Group is principally engaged in property management services, community value-added and synergy services, value-added services to non-property owners and commercial property operation and management services in the PRC.

Further discussion and analysis of the business review required by Schedule 5 to the Hong Kong Companies Ordinance, including a description of the principal risks and uncertainties facing the Group and an indication of likely future development in the Group's business, can be found in the "Management Discussion and Analysis" set out on pages 9 to 24 of the annual report and the "Environmental, Social and Governance Report" set out on pages 73 to 152 of the annual report. The relevant discussion in the "Management Discussion and Analysis" and the "Environmental, Social and Governance Report" sections forms part of this directors' report.

RESULTS

The results of the Group for the Year and the state of affairs of the Company and of the Group as at 31 December 2023 are set out in the consolidated financial statements and their accompanying notes on pages 158 to 231 of this annual report.

FINAL DIVIDEND AND SPECIAL DIVIDEND

The Board recommended the payment of a final dividend for the Year of HK$0.16 per Share (2022: HK$0.1 per Share) and a special dividend of HK$0.1 per Share for the celebration of the third anniversary of the Company's listing (2022: Nil), subject to the approval at the AGM. Based on the 1,408,264,016 Shares in issue as at 31 December 2023, it is expected that a final dividend and special dividend of approximately HK$366,149,000 (equivalent to approximately RMB331,811,000) will be paid. Subject to the approval of the shareholders of the Company ("Shareholders") at the AGM, the final dividend and special dividend are expected to be paid on Friday, 7 June 2024 to Shareholders whose names appear on the register of members of the Company on Friday, 31 May 2024.

DIVIDEND POLICY

The Company has adopted a dividend policy in December 2020. In recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and funding its future growth as well as enhancing its Shareholder value. The Company does not have any pre-determined dividend payout ratio. The Board has the discretion to declare and pay dividends to the Shareholders, subject to the articles of association of the Company (the "Articles of Association") and all applicable laws and regulations of the BVI and other factors.

The Board shall also take into account the factors of the Group when considering the declaration, payment and the amounts of dividends, including results of operations, cash flow, financial position, statutory and regulatory restrictions on payment of dividends by the Company, future prospects of the Company and any other factors that the Board may consider relevant. Depending on the financial positions of the Company and the Group and the conditions and factors as set out above, the Board may propose and/or declare the following dividends for a financial year or period as an interim dividend, a final dividend, a special dividend and any distribution of net profits that the Board may deem appropriate. Any final dividend for a financial year will be subject to the approval of the Shareholders. The Board will review this dividend policy as appropriate from time to time.

ANNUAL GENERAL MEETING

The AGM will be held on Friday, 24 May 2024.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining entitlement of the Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 21 May 2024 to Friday, 24 May 2024 (both days inclusive). In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by 4:30 p.m. on Monday, 20 May 2024.

For the purpose of ascertaining entitlement of the Shareholders to the proposed final dividend for the Year and special dividend, the register of members of the Company will be closed from Thursday, 30 May 2024 to Friday, 31 May 2024 (both days inclusive). In order to qualify for the final dividend and special dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at the abovementioned address for registration by 4:30 p.m. on Wednesday, 29 May 2024.

FINANCIAL SUMMARY

A summary of the financial results as well as the assets and liabilities of the Group for the last five financial years is set out on page 232 of this annual report.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the Year are set out in note 27 to the consolidated financial statements.

TAX RELIEF AND EXEMPTION

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

BORROWINGS

Details of the borrowings of the Group is set out in note 24 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Company and the Group during the Year are set out in notes 28 and 29 to the consolidated financial statements and the consolidated statement of changes in equity on pages 161 to 162 respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2023, the distributable reserves (included Share premium and Accumulated losses) of the Company amounted to approximately RMB461,820,000 (2022: approximately RMB419,776,000).

Details of the movements in reserves during the year ended 31 December 2023 are set out in note 29 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association although there are no restrictions against such rights under the laws of BVI.

PROPERTY, PLANT AND EQUIPMENT

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

CHARITABLE DONATIONS

During the Year, the Group did not make charitable donations (2022: Nil).

MAJOR CUSTOMERS AND SUPPLIERS

Sales attributable to the Group's largest customer and five largest customers accounted for approximately 33.1% and 34.7% of the Group's total revenue for the Year, respectively.

The purchases made by the Group from its largest supplier and the five largest suppliers accounted for approximately 5.9% and 20.8% of the Group's total purchases for the Year, respectively.

Except Xiamen C&D Group, one of the five largest customers, none of the Directors or any of their close associates (as defined in the Listing Rules) or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers or suppliers during the Year.

DIRECTORS' REPORT

BOARD OF DIRECTORS

The Directors who were in office during the Year and up to the date of this annual report are as follows:

Executive Directors
Ms. Qiao Haixia *(Chief Executive Officer)*
Mr. Huang Danghui

Non-executive Directors (the "NEDs")
Mr. Lin Weiguo *(Chairman)* R/N
Mr. Xu Yixuan

Independent Non-executive Directors (the "INEDs")
Mr. Lee Cheuk Yin Dannis A/R/N
Mr. Li Kwok Tai James A/R/N
Mr. Wu Yat Wai A/R/N

Notes:

A: Member of the audit committee of the Company
R: Member of the remuneration committee of the Company
N: Member of the nomination committee of the Company

Ms. Qiao Haixia, Mr. Lee Cheuk Yin Dannis and Mr. Li Kwok Tai James will retire from office by rotation at the annual general meeting, and being eligible, have offered themselves for re-election.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHICAL DETAILS

Biographical details of the Directors and the senior management of the Group are set out on pages 25 to 29 of this annual report.

CHANGE IN THE DIRECTORS' INFORMATION

The change in Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules is set out below:

Ms. Qiao Haixia has ceased to be the chairperson of Huijia (Xiamen) Property Management Company Limited* (滙嘉(廈門)物業管理有限公司) since 22 March 2023.

Mr. Lee Cheuk Yin Dannis was appointed as an independent non-executive director of Luen Thai Holdings Limited, a company listed on the Stock Exchange (stock code: 311) with effect from 25 May 2023.

Mr. Li Kwok Tai James served as a managing director in the investment banking department of Shanggu Securities Limited from June 2018 to April 2023, and an independent non-executive director of Huasheng International Holding Limited, a company listed on the Stock Exchange (stock code:1323) from September 2020 to March 2024.

Save for the information disclosed above and in this annual report, there is no other information required to be disclosed in this report pursuant to rule 13.51B (1) of the Listing Rules.

CONFIRMATION OF INDEPENDENCE OF INEDS

The Company has received from each of the INEDs, namely Mr. Lee Cheuk Yin Dannis, Mr. Li Kwok Tai James and Mr. Wu Yat Wai, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. As at the date of this annual report, the Company still considered all of them to be independent.

SERVICE CONTRACTS OF DIRECTORS

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years, which is renewable automatically for successive terms of one year, and either party may terminate the agreement by giving the other party not less than two month's notice in writing. Each of the executive Directors is entitled to a director's emolument of RMB600,000 per annum (which was determined by the Board with reference to his/her experience, knowledge, qualification, duties and responsibilities within the Group and the prevailing market conditions), and such management bonus and other benefits as may be determined by and at the sole discretion of the Board (upon the recommendation of the remuneration committee of the Board) from time to time.

Each of the NEDs has entered into a service agreement with the Company for an initial term of three years, which is renewable automatically for successive terms of one year, and either party may terminate the agreement by giving the other party not less than two month's notice in writing. Each of the NEDs does not receive any director's emolument but he may be entitled to such discretionary bonus and/or other benefits as may be determined by and at the sole discretion of the Board (upon the recommendation of the remuneration committee of the Board) from time to time.

Each of the INEDs has entered into a letter of appointment with the Company for an initial term of three years, which is renewable automatically for successive terms of one year, and either party may terminate the agreement by giving the other party not less than three months' notice in writing. Each of the INEDs is entitled to a director's emolument of HK$150,000 per annum.

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

As at 31 December 2023, 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 (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were (i) 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 or short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO; or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:

Long positions in the Shares of the Company

Name of Director	Capacity/Nature of interests	Number of issued Shares/ underlying Shares held	Approximate percentage of shareholding in issued share capital *(Note 1)*
Mr. Lin Weiguo	Interest of controlled corporation	53,918,090 *(Note 2)*	3.83%
Ms. Qiao Haixia	Beneficiary of a trust	831,147 *(Note 2)*	0.06%
	Beneficiary of a trust (other than a discretionary interest)	960,000 *(Note 3)*	0.07%
	Beneficial owner	272,000	0.02%
Mr. Huang Danghui	Beneficiary of a trust	554,116 *(Note 2)*	0.04%
	Beneficiary of a trust (other than a discretionary interest)	960,000 *(Note 3)*	0.07%
	Beneficial owner	240,000	0.02%
Mr. Xu Yixuan	Beneficiary of a trust	1,662,349 *(Note 2)*	0.12%

Notes:

1. The percentage of shareholding was calculated based on the Company's total number of 1,408,264,016 Shares in issue as at 31 December 2023.

2. These Shares were registered in the name of Diamond Firetail Limited ("Diamond Firetail"), a company incorporated in the BVI and a wholly-owned subsidiary of Tricor Equity Trustee Limited ("Tricor Equity Trustee"). Tricor Equity Trustee is a trustee of a discretionary trust, while Mr. Lin Weiguo is one of the protectors of the said discretionary trust. Ms. Qiao Haixia, Mr. Huang Danghui and Mr. Xu Yixuan are beneficiaries of the said discretionary trust. Therefore, Mr. Lin Weiguo is deemed to be interested in the Shares held by Diamond Firetail by virtue of the SFO. As a beneficiary of the trust, each of Ms. Qiao Haixia, Mr. Huang Danghui and Mr. Xu Yixuan is deemed to be beneficially interested in the portion of the Shares held by Diamond Firetail corresponding to their respective beneficial interest.

3. 35,300,000 Shares were allotted and issued to the trustee of the 2021 restricted share incentive scheme (the "2021 Incentive Scheme"), who held such shares on behalf of the incentive recipients. Being the incentive recipients of the 2021 Incentive Scheme, each of Ms. Qiao Haixia and Mr. Huang Danghui is interested in 360,000 and 360,000 Shares held on trust by the trustee under the 2021 Incentive Scheme, respectively, which are subject to vesting. 37,230,000 Shares were allotted and issued to the trustee of the 2023 restricted share incentive scheme (the "2023 Incentive Scheme"), who held such shares on behalf of the incentive recipients. Being the incentive recipients of the 2023 Incentive Scheme, each of Ms. Qiao Haixia and Mr. Huang Danghui is interested in 600,000 and 600,000 Shares held on trust by the trustee under the 2023 Incentive Scheme, respectively, which are subject to vesting.

Long positions in the shares of the Company's associated corporations

Name of Director	Name of associated corporation	Capacity/Nature of interests	Number of issued shares/underlying shares held	Approximate percentage of shareholding in issued share capital *(Note 1)*
Mr. Lin Weiguo	CDI	Interest of controlled corporation	33,289,340 *(Note 2)*	1.76%
	CDI	Beneficiary of a trust (other than a discretionary interest)	924,000 *(Note 3)*	0.05%
	CDI	Beneficial owner	116,000	0.01%
Ms. Qiao Haixia	CDI	Beneficiary of a trust	513,155 *(Note 2)*	0.03%
	CDI	Beneficial owner	32,000	0.002%
Mr. Huang Danghui	CDI	Beneficiary of a trust	342,115 *(Note 2)*	0.02%
Mr. Xu Yixuan	CDI	Beneficiary of a trust	1,026,344 *(Note 2)*	0.05%
	CDI	Beneficiary of a trust (other than a discretionary interest)	848,000 *(Note 3)*	0.04%
	CDI	Beneficial owner	112,000	0.01%

Notes:

1. The percentage of shareholding was calculated based on CDI's total number of 1,895,684,126 ordinary shares in issue as at 31 December 2023.

2. These ordinary shares of CDI were registered in the name of Diamond Firetail, a company incorporated in the BVI and a wholly-owned subsidiary of Tricor Equity Trustee. Tricor Equity Trustee is a trustee of a discretionary trust, while Mr. Lin Weiguo is one of the protectors of the said discretionary trust. Ms. Qiao Haixia, Mr. Huang Danghui and Mr. Xu Yixuan are beneficiaries of the said discretionary trust. Therefore, Mr. Lin Weiguo is deemed to be interested in the ordinary shares of CDI held by Diamond Firetail by virtue of the SFO. As a beneficiary of the trust, each of Ms. Qiao Haixia, Mr. Huang Danghui and Mr. Xu Yixuan is deemed to be beneficially interested in the ordinary shares of CDI held by Diamond Firetail.

3. 35,300,000 ordinary shares of CDI were allotted and issued to the trustee, who held such shares on behalf of the incentive recipients of the 2021 restricted share incentive scheme of CDI. Being the incentive recipients of such scheme, each of Mr. Lin Weiguo and Mr. Xu Yixuan is interested in 174,000 and 168,000 ordinary shares of CDI held on trust by the trustee under the scheme, respectively, which are subject to vesting.

   100,000,000 ordinary shares of CDI were allotted and issued to the trustee, who held such shares on behalf of the incentive recipients of the 2022 restricted share incentive scheme of CDI. Being the incentive recipients of such scheme, each of Mr. Lin Weiguo and Mr. Xu Yixuan is interested in 600,000 and 530,000 ordinary shares of CDI held on trust by the trustee under the scheme, respectively, which are subject to vesting.

   49,870,000 ordinary shares of CDI were allotted and issued to the trustee, who held such shares on behalf of the incentive recipients of the 2023 restricted share incentive scheme of CDI. Being the incentive recipients of such scheme, each of Mr. Lin Weiguo and Mr. Xu Yixuan is interested in 150,000 and 150,000 ordinary shares of CDI held on trust by the trustee under the scheme, respectively, which are subject to vesting.

Save as disclosed above, as at 31 December 2023, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were (i) 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 or short positions which they are taken or deemed to have under such provision of the SFO); or (ii) required to be entered in the register maintained by the Company pursuant to section 352 of the SFO; or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 31 December 2023, so far as it was known to any Directors or the chief executive of the Company, the following parties (other than a Director or the chief executive of the Company) were recorded in the register kept by the Company under section 336 of the SFO, or as otherwise notified to the Company, as being directly or indirectly interested or deemed to be interested in 5% or more of the issued Shares and underlying Shares:

Name of substantial Shareholders	**Capacity/ Nature of interests**	**Number of issued Shares/ underlying Shares held**	**Approximate percentage of interest in the issued capital** *(Note 1)*
CDI	Beneficial owner	536,932,364	38.13%
Well Land	Beneficial owner	308,106,030 *(Note 2)*	21.88%
Well Honour International Limited (益鴻國際有限公司) ("Well Honour")	Interest of controlled corporations	845,038,394 *(Note 2)*	60.01%
C&D Real Estate	Interest of controlled corporations	845,038,394 *(Note 2)*	60.01%
Xiamen C&D Inc. (廈門建發股份有限公司)	Interest of controlled corporations	845,038,394 *(Note 2)*	60.01%
Xiamen C&D	Interest of controlled corporations	845,038,394 *(Note 2)*	60.01%
Cederberg Capital (Cayman)	Interest of controlled corporation	91,189,000 *(Note 3)*	6.48%
Cederberg Capital (Cayman) GP	Interest of controlled corporation	91,189,000 *(Note 3)*	6.48%
Mr. Dawid Krige	Interest of controlled corporation	91,189,000 *(Note 3)*	6.48%
Dr. Michelle Beatrice Wright Bowie Krige	Interest of controlled corporation	91,189,000 *(Note 3)*	6.48%
Mr. Richard Li	Interest of controlled corporation	86,271,000 *(Note 4)*	6.13%
OLP Capital Management Limited	Investment manager	86,271,000 *(Note 4)*	6.13%
RCWL Inc.	Interest of controlled corporation	86,271,000 *(Note 4)*	6.13%
Mr. Shen Di Fan	Interest of controlled corporation	86,271,000 *(Note 4)*	6.13%

Notes:

1. The percentage was calculated based on the Company's total number of 1,408,264,016 Shares in issue as at 31 December 2023.

2. As at 31 December 2023, CDI held 536,932,364 Shares and CDI was held as to 55.83% by Well Land. Therefore, Well Land is deemed to be interested in the Shares held by CDI by virtue of the SFO. Pursuant to the voting rights entrustment agreement dated 29 March 2022, Well Land entrusted CDI to exercise voting rights of 219,945,505 Shares directly held by Well Land, representing approximately 15.62% of the issued share capital of the Company, while Well Land continues to beneficially own the said Shares and have rights to the dividends, distributions and all other rights and benefits attaching thereto. Well Land is a wholly-owned subsidiary of Well Honour. Well Honour is a wholly-owned subsidiary of C&D Real Estate. C&D Real Estate is owned as to 54.65% and 45.35% by Xiamen C&D Inc., the shares of which are listed on the Shanghai Stock Exchange (stock code: 600153) and Xiamen C&D, a state-owned group of companies under the supervision of State-owned Assets Supervision and Administration Commission of Xiamen Municipal People's Government, respectively. Xiamen C&D is interested in Xiamen C&D Inc. as to 45.15%. Therefore, Well Honour, C&D Real Estate, Xiamen C&D Inc. and Xiamen C&D are deemed to be interested in the Shares held by Well Land by virtue of the SFO.

3. Cederberg Capital Limited held 91,189,000 Shares. Cederberg Capital Limited is a wholly-owned subsidiary of Cederberg Capital (Cayman), with Mr. Dawid Krige and Dr. Michelle Beatrice Wright Bowie Krige being the only substantial shareholders. Cederberg Capital (Cayman) GP is the general partner of Cederberg Capital (Cayman). Therefore, each of Cederberg Capital (Cayman), Cederberg Capital (Cayman) GP, Mr. Dawid Krige and Dr. Michelle Beatrice Wright Bowie Krige is deemed to be interested in the Shares held by Cederberg Capital Limited.

4. OceanLink Partners Fund, LP and Cassini Partners, L.P. held 58,731,382 and 27,539,618 Shares, respectively. OLP Capital Management Limited is the investment manager of OceanLink Partners Fund, LP and Cassini Partners, L.P.. OLP Capital Management Limited is owned by Mr. Shen Di Fan and RCWL Inc. as to 65% and 35%, respectively. RCWL Inc. is wholly owned by Mr. Richard Li. Therefore, each of Mr. Shen Di Fan, Mr. Richard Li, RCWL Inc., and OLP Capital Management Limited is deemed to be interested in the Shares held by OceanLink Partners Fund, LP and Cassini Partners, L.P..

PERMITTED INDEMNITY PROVISION

Subject to the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) and BVI Business Companies Act, every Director is entitled under the Articles of Association to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted. To the extent permitted by law, the Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against directors of companies in the Group during the Year and up to the date of this report.

ARRANGEMENTS FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Except for the 2021 Incentive Scheme and 2023 Incentive Scheme, at no time during the Year and up to the date of this annual report was the Company or any of its subsidiaries a party to any arrangement to enable a Director to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any other body corporate.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed under the paragraphs headed "Connected Transaction" and "Continuing Connected Transactions" below, there was no transaction, arrangement or contract of significance in relation to the Company's business, to which the Company or any of the Company's subsidiaries was a party, subsisting at the end of the Year or at any time up to the date of this annual report, and in which a Director or an entity connected with a Director had, whether directly or indirectly, a material interest, nor was there any other transaction, arrangement or contract of significance in relation to the Company's business between the Company or any of the Company's subsidiaries and a controlling shareholder or any of its subsidiaries.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the Year and up to the date of this annual report, none of the Directors were considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group and any other conflicts of interest.

MANAGEMENT CONTRACT

No contract (as defined in Section 543 of the Companies Ordinance (Cap. 622)) concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

RELATED PARTY TRANSACTIONS

Details of the material related party transactions undertaken in the ordinary course of business by the Group during the Year are set out in note 32 to the consolidated financial statements, and save as disclosed in the paragraphs headed "Connected Transaction" and "Continuing Connected Transactions" below, none of them constituted and there were no transactions which constituted a connected transaction (as defined under the Listing Rules) of the Company and was subject to reporting requirement during the Year.

LITIGATIONS

There were no material litigations and obligations of the Group during the Year.

CONNECTED TRANSACTION

During the Year, the Company entered into the following connected transaction:

The Reserved Interests Grant of the 2021 Incentive Scheme

On 15 December 2022, the Board resolved to grant in aggregate 7,050,000 restricted Shares to not more than 105 employees of the Group pursuant to the 2021 Incentive Scheme (the "Reserved Grant"). Among the 7,050,000 reserved Shares granted, 2,630,000 restricted Shares are proposed to allot and issue to certain connected persons of the Company (i.e. 25 directors, supervisors and general managers of the Company's subsidiaries). The proposed allotment and issue of the restricted Shares to the connected persons of the Company constitutes a connected transaction of the Company, and is subject to the reporting, announcement, circular and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In assessing the fairness and reasonableness of the Reserved Grant, the Company has taken into consideration, among other things, the roles, past performance and period of service of each of the incentive recipients. The Reserved Grant intends to recognize the incentive recipients' past contributions to the Group's business performance and aims to secure their long-term continuous support and commitments to the Group which are crucial to the future development and business expansions of the Group.

At the extraordinary general meeting of the Company held on 10 February 2023, the resolution approving the grant of 2,630,000 restricted Shares pursuant to the 2021 Incentive Scheme to 25 directors, supervisors and general managers of the Company's subsidiaries was passed by the independent shareholders. On 28 March 2023, the Company completed the allotment and issue of 7,050,000 restricted Shares.

Further details about the 2021 Incentive Scheme are set out in the paragraph headed "Restricted Share Incentive Scheme" under the Directors' Report in this annual report.

CONTINUING CONNECTED TRANSACTIONS

The following continuing connected transactions were recorded during the Year, details of these transactions are set out below:

1. **Lease Framework Agreement**

On 23 December 2022, the Company entered into the lease framework agreement (the "Lease Framework Agreement") with Xiamen C&D, for a term of three years commencing on 1 January 2023 and ending on 31 December 2025, pursuant to which Xiamen C&D and its subsidiaries and joint ventures (but not including CDI Group and its joint ventures, the Group and its joint ventures) would lease to the Group and its joint ventures (excluding its connected subsidiaries) (i) certain properties for operational use; and (ii) the car parking spaces located at C&D International Building for the business use.

For each of the three years ended/ending 31 December 2025, the annual caps of the rent payable by us under the Lease Framework Agreement are expected to be RMB7.70 million, RMB8.75 million and RMB10 million, respectively. When estimating the annual caps, the Directors have considered (i) the historical leases entered into by the Group and the historical amount of rent paid to Xiamen C&D; (ii) the unit rent of the Group's leased properties and the market level of unit rent for comparable office units; (iii) the expected needs for the lease areas resulting from the future expansion of the Group; and (iv) the expected market rates of unit rent for office units. The annual caps are determined based on the estimated total value of right-of-use assets to be newly recognised relating to the applicable leases forecasted by the Company. The accounting treatment for the actual leases will comply with the applicable standards of HKFRS 16.

The rent, property management fees, public maintenance fund, utilities and air-conditioning fees shall be calculated and paid in the following manner:

i. the rent is calculated based on the GFA of the subject properties multiplied by the rent per unit area which shall be determined with reference to the rent of similar properties in the vicinity and the local market rental level, subject to adjustment by the parties in accordance with the actual condition of the subject properties.

ii. the Group shall pay the property management fees, public maintenance fund, utilities and air-conditioning fees in respect of the subject properties.

The Lease Framework Agreement was entered into to ensure the consistency of the Group's operations and business (including the leasing of certain properties at the C&D International Building in the PRC).

Xiamen C&D is the controlling shareholder of the Company and, therefore, is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Lease Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules, which are subject to the reporting, annual review and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

During the Year, the amount of rent payable by the Group under the Lease Framework Agreement was approximately RMB5.2 million.

2. **Business Framework Agreement**

On 19 October 2022, the Company entered into the business framework agreement (the "Business Framework Agreement") with C&D Real Estate and CDI for a term of three years commencing on 1 January 2023 and ending on 31 December 2025. Pursuant to the Business Framework Agreement, the Group and its joint ventures agreed to provide certain services to (i) C&D Real Estate Group and its connected companies (excluding the CDI Group and the Group) and its joint ventures (the "Remaining C&D Real Estate Group"); and (ii) the CDI Group (excluding the Group and its joint ventures) (the "Remaining CDI Group").

Under the Business Framework Agreement, the Group shall provide the following services to (i) the Remaining C&D Real Estate Group; and (ii) the Remaining CDI Group: (a) property management services, mainly including greening, gardening and order maintenance for public areas, cleaning, security, parking management, repair and maintenance services for public facilities, etc. to unsold and sold but undelivered commodity housing and office properties; (b) community value-added and synergy services, mainly including (i) home living services; (ii) home beauty services; (iii) real estate brokerage and asset management services; (iv) value-added services for public areas; (v) elderly-care & health value-added services; and (vi) smart community and smart construction site services; and (c) value-added services to non-property owners, mainly including (i) consultancy services to property developers during the property development and construction phases; and (ii) reception, order maintenance, cleaning and security and maintenance services, pre-inspection before handover, and arrangement of the site and data preparation by property owner's for handover to property developers during both pre-sales and post-sales phases.

The pricing basis of the abovementioned services is as follows:

1. Property management services:

   Property management fees shall be determined after arm's length negotiations by the parties based on the unit price of property management fees agreed in the "preliminary property management service contract" signed when obtaining the property management right. Pursuant to the property management services contracts, the property management fees are calculated based on area multiplied by unit price. The specific unit price of property management fees shall take into consideration factors including (i) property type such as residential and non-residential, as well as the project's location such as the tier of the city; (ii) scope and quality of services provided; (iii) expected operating expenses; (iv) target profit margin of the Group; (v) profile of the owners and residents; (vi) the local government's guidance price for property management fees (if applicable); and (vii) property management fees for similar services and similar property types in the market, and by referring to the charging levels of at least two comparable transactions obtained through market research (if applicable).

2. Community value-added and synergy services:

   The service fees are charged for each service. Detailed transaction terms are otherwise stipulated according to the contracts entered into by customers and counterparties. In principle, it shall be determined after arm's length negotiations with reference to the prevailing market prices of similar services in the open market and fees of historical transactions (if any) after going through the following procedures.

(i) Based on the specific situation of each service, the scope of similar and comparable services will be delineated according to its content and requirements, project scale and locality, etc.;

(ii) Analyzing the current market price through information in public domain, Internet sales platforms, exchanges with other market participants and peers, and market intelligence obtained through the Group's business network, including the charging profile of at least two comparable transactions where feasible;

(iii) Combining the information obtained through (ii), the relevant business department will calculate the reasonable price based on the internal projection of the Group and propose the recommended price, which shall be determined after being approved by the Group's relevant personnel in charge.

3. Value-added services to non-property owners:

The service fees shall be determined after arm's length negotiations. In general, fees for provision of reception, order maintenance and cleaning services to developers will be calculated based on the cost plus mechanism, and the service fee receivable (i.e. the Group's tax-inclusive income) shall be calculated using the following formula:

cost (calculated based on the actual costs incurred, such as materials and labour) + indirect management fee (being tax-exclusive income x 10% to 15%) + taxes

On the other hand, fees for provision of project design, pre-inspection and other consultancy services to developers; customized services for developers' needs will be based on fixed unit price (especially when the property developers engaged the Group for pre-inspection before handover), and the price will be determined based on the prevailing market price (including various taxes and fees), multiplied by the delivery area.

For each of the three years ended/ending 31 December 2025, the aggregate annual caps of the revenue receivable by the Group under the Business Framework Agreement are RMB1,200 million, RMB1,408 million and RMB1,665 million, respectively. For each of the three years ended/ending 31 December 2025, the annual caps of the service fees payable to the Group by the Remaining CDI Group under the Business Framework Agreement are RMB1,050 million, RMB1,250 million and RMB1,500 million, respectively. For each of the three years ended/ending 31 December 2025, the annual caps of the service fees payable to the Group by the Remaining C&D Real Estate Group under the Business Framework Agreement are RMB150 million, RMB158 million and RMB165 million, respectively.

The Group entered into the Business Framework Agreement as it has been continuously providing various services to the Remaining C&D Real Estate Group and the Remaining CDI Group; and there has been long and good cooperation with each other.

Each of C&D Real Estate, Well Land and CDI was a controlling shareholder of the Company. As such, each of C&D Real Estate and CDI is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Business Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules, which are subject to the reporting, annual review, announcement and independent shareholders' approval requirements.

During the Year, the revenue received by the Group under the Business Framework Agreement amounted to approximately RMB1,132.8 million; the service fees payable by the Remaining C&D Real Estate Group under the Business Framework Agreement amounted to approximately RMB118.4 million; and the service fees payable by the Remaining CDI Group under the Business Framework Agreement amounted to approximately RMB1,014.4 million.

3. Inventory Property Underwriting Agreement

On 4 October 2021, CDI and the Company entered into to an inventory property underwriting agreement (the "Inventory Property Underwriting Agreement"), pursuant to which the Group shall provide inventory property sales agency services to CDI for first-hand residential properties and/or parking spaces developed by CDI. The Group shall pay CDI the full amount representing the market value of the inventory properties contemplated under the Inventory Property Underwriting Agreement to buy out the selling right of the inventory properties and obtain sole and exclusive rights for providing inventory property sales agency services to CDI in relation to the inventory properties.

Pursuant to the Inventory Property Underwriting Agreement, the maximum market value of the unsold residential inventory properties for underwriting entrusted by CDI to the Group for sales per year shall not exceed RMB1 billion. After the Group completes the sale of a property to purchaser(s) and the CDI Group receives the purchase price of such property, the purchase price of that property prepaid by the Group (including the corresponding capital cost tentatively fixed to be 5% annually (subject to adjustment but no less than 5% annually)) shall be refunded to the Group. As such, based on the maximum capital costs to be received by the Group annually being RMB50 million, the proposed annual cap is RMB1.05 billion for each of the three years ended 31 December 2023. During the Year, capital cost receivable by the Group under the Inventory Property Underwriting Agreement amounted to RMB45.0 million.

The Group entered into the Inventory Property Underwriting Agreement as it can (i) further extend and enrich the content of its community value-added and synergy services by providing inventory property sales agency services; (ii) benefit financially from the revenues generated from inventory property sales agency services provided to the CDI Group; and (iii) further build up good relationship with the property owners and residents by providing inventory property sales agency services.

When the Inventory Property Underwriting Agreement was entered into, CDI was an associate of Well Land, the controlling shareholder of the Company. CDI completed the acquisition of part of the Shares held by Well Land on 23 May 2022 and the voting rights entrustment agreement whereby Well Land entrusted CDI to exercise voting rights for part of the Shares held by it became effective on 24 May 2022, and CDI became the controlling shareholder of the Company since then. As such, the transactions contemplated under the Inventory Property Underwriting Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules, which are subject to the reporting, announcement, annual review and independent shareholders' approval requirement. At the extraordinary general meeting of the Company held on 30 December 2021, the resolution approving the transactions contemplated under the Inventory Property Underwriting Agreement was passed by the independent shareholders of the Company.

Since the Inventory Property Underwriting Agreement has expired on 31 December 2023 and it is expected that the Group will continue to enter into similar transactions thereafter, on 16 November 2023, the Company and CDI entered into the Renewed Inventory Property Underwriting Agreement (the "Renewed Inventory Property Underwriting Agreement"), pursuant to which the Group shall provide inventory property sales agency services to the CDI Group for first-hand residential properties and/or parking spaces developed by the CDI Group and the term of the agreement shall commence from 1 January 2024 (or the date when the shareholders' approval has been obtained, whichever is later) and ending on 31 December 2026. At the extraordinary general meeting of the Company held on 12 January 2024, the resolution for approving the transactions contemplated under the Renewed Inventory Property Underwriting Agreement was passed by the independent shareholders of the Company.

4. **Provision of commercial property operation management services**

On 7 September 2022, Xiamen Yuefa Commercial Management Company Limited* (廈門悅發商業管理有限公司) (subsequently renamed as Xiamen C&D Commercial Management Company Limited* (廈門建發商業管理有限公司), ("C&D Commercial"), a wholly-owned subsidiary of the Company, entered into a framework agreement (the "Commercial Services Framework Agreement") with C&D Real Estate and CDI, pursuant to which C&D Commercial shall provide commercial property operation management services for a variety of commercial assets projects of C&D Real Estate and its subsidiaries, its joint ventures and associates (excluding the CDI Group) (the "Remaining C&D Real Estate Group") and the CDI Group (excluding the Group) (the "Remaining CDI Group"), for the period from 7 September 2022 to 31 December 2024.

Commercial property operation management services to be provided by C&D Commercial mainly include:

(i) Pre-positioning and design consultancy: providing pre-positioning, planning and design consultancy services for commercial projects that have not commenced operation; and

(ii) Operation management: providing services including investment management, operation management and marketing planning for commercial projects that have commenced operation.

Commercial property operation management service fees for each of the abovementioned services are as follows:

(i) Pre-positioning and design consultancy management fee is calculated at RMB50 per square metre of project management area (including car parks) per annum. The fee is calculated by multiplying the above rate by the actual time between the introduction of the project to C&D Commercial and the official commencement of the project; and

(ii) Commercial property operation management service fee is calculated according to the type of fees charged, including:

(1) commercial property operation management service fee, of which the basic management service fee rate is calculated based on 3% of the "Full-calibre Project Operating Income" (i.e. the sum of the project rental income and other commercial income) and the commission management service fee rate is calculated based on 5% of the "Project Operating Profit" (i.e. "Full calibre Project Operating Income" less business tax and project operating costs (excluding commission management service fee));

(2) branding fee, which is RMB1 million and RMB500,000 per annum for projects with management area (including car parks) of over 50,000 square metres and under 50,000 square metres, respectively;

(3) platform output management service fee, calculated at a rate of 0.5% of the "Full-calibre Project Operating Income"; and

(4) remuneration for the operating period of commercial project, calculated at a monthly rate of RMB1.2 per square metre of management area (including car parks).

The commercial property operation management service fees may be adjusted according to the actual situation of the project upon unanimous consent by the parties after negotiation.

The annual caps for the commercial property operation management service fees to be received by C&D Commercial from the Remaining C&D Real Estate Group under the Commercial Services Framework Agreement for each of the three years ended/ending 31 December 2024 are RMB16 million, RMB55 million and RMB60 million, respectively, and the annual caps for the commercial property operation management service fees to be received by C&D Commercial from the Remaining CDI Group under the Commercial Services Framework Agreement for each of the three years ended/ending 31 December 2024 are RMB3 million, RMB9 million and RMB12 million, respectively.

In determining the annual caps, the following main factors have been considered: (i) the business environment and market conditions of the commercial projects proposed to be entrusted for the three years ended/ending 31 December 2024; (ii) the location, number and management area of the commercial projects proposed to be entrusted; (iii) new commercial projects that may be acquired in the future and the demand for commercial property operation management services; (iv) the pricing and charge level of commercial property operation management services in comparable markets; and (v) the operation model and the income and cost structure of the commercial property operation management business of the representative enterprises in the same industry.

As the Company intends to expand its business scope to include commercial property operation management services, which is also in the light asset service sector, entering into of the Commercial Services Framework Agreement will enable the Company to expand its commercial asset management business, making it a light asset service provider with "property management + commercial operation", which is conducive to broadening and enriching its business foundation.

Each of C&D Real Estate and CDI was the controlling shareholder of the Company. Accordingly, the transactions contemplated under the Commercial Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules which are subject to the reporting, annual review and announcement requirements, but are exempt from the independent shareholders' approval requirement.

During the Year, the service fee payable by the Remaining C&D Real Estate Group to the Group under the Commercial Service Framework Agreement amounted to approximately RMB38.9 million and the service fee payable by the Remaining CDI Group to the Group amounted to approximately RMB8.2 million.

Review by independent non-executive Directors and the auditor of the Company

Pursuant to Rule 14A.55 of the Listing Rules, the INEDs have reviewed the abovementioned continuing connected transactions and confirmed that such transactions have been conducted:

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

(2) on normal commercial terms or better; and

(3) according to the relevant agreements governing the relevant transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's auditor was also 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 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Rule 14A.56 of the Listing Rules, and the Board acknowledged the receipt of the auditors' confirmation letter dated 21 March 2024. Based on its work, the Company's auditor has provided the Board with a letter confirming that, with respect to the aforesaid continuing connected transactions, nothing has come to the auditor's attention that causes the auditor to believe that:

a. the continuing connected transactions have not been approved by the Board;

b. for transactions involving the provision of goods or services by the Group, the transactions were not, in all material respects, in accordance with the pricing policies of the Group;

c. the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

d. with respect to the aggregate amount of each of the continuing connected transactions, the continuing connected transactions have exceeded the annual cap as set by the Company.

Save as disclosed above, a summary of material related party transactions made during the Year is disclosed in note 32 to the consolidated financial statements. To the extent that the Group's related party transactions constituted connected transactions or continuing connected transactions as defined in the Listing Rules, the Company had complied with the relevant requirements under Chapter 14A of the Listing Rules during the Year.

EQUITY-LINKED AGREEMENTS

Other than the 2021 Incentive Scheme and 2023 Incentive Scheme, no equity-linked agreements that will or may result in the Company issuing Shares, or that require the Company to enter into any agreements that will or may result in the Company issuing Shares, were entered into by the Company during the Year and up to the date of this annual report or subsisted at the end of the Year.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

In order to raise capital for the Company while broadening the shareholder base and capital base of the Company, on 10 December 2021, the Company and China International Capital Corporation Hong Kong Securities Limited entered into a placing agreement. The net proceeds (after deducting the actual expenses relating to the placing) from the placing of 131,300,000 new ordinary Shares (the aggregate nominal value of which was HK$1,313,000) to two independent third parties, Cederberg Capital Limited and OceanLink Management Ltd., under general mandate was approximately HK$546 million (representing a net placing price of approximately HK$4.15 per placing Share), which was based on the placing price of HK$4.16 per placing Share (the closing price as quoted on the Stock Exchange as at 10 December 2021 was HK$4.15 per Share). Such net proceeds will be used in accordance with the intention disclosed in the announcement of the Company dated 10 December 2021. The table below sets out the planned applications of the net proceeds and actual usage up to 31 December 2023:

Use of proceeds	**Planned applications** (HK$ million)	**Percentage of total net proceeds**	**Actual usage up to 31 December 2023** (HK$ million)	**Unutilized net proceeds as at 31 December 2023** (HK$ million)	**Expected timeframe for utilizing the remaining unutilized net proceeds**
Salaries and benefits of additional relevant staff and employees to be hired for new projects	191	35%	191	–	–
Acquisition and maintenance of equipment and materials needed for services	57	10.5%	57	–	–
Supporting the Group's exploration of new business development directions and enrichment of service content	115	21%	115	–	–
Improvement of AI equipment in projects currently under the Group's management, prefect its online shopping platform and increase maintenance of operating software and hardware	19	3.5%	19	–	–
Acquisition(s)	164	30%	52	112	On or before 31 December 2024 (Note)

Note: Given the market condition and that the Company insisted on maintaining strict standards for merger and acquisition targets and adhering to prudent merger and acquisition strategies, the Company did not utilise the entire proceeds for acquisition during the Year. The Company will consider acquisitions of appropriate targets that could enhance the concentration and layout of key cities and were in line with its own culture if opportunities arise. The expected timeline for utilizing the remaining proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of market conditions.

2021 INCENTIVE SCHEME

The 2021 Incentive Scheme was approved at the extraordinary general meeting of the Company on 27 September 2021. Details of the 2021 Incentive Scheme have been disclosed in the announcement of the Company published on 2 July 2021 and the circular of the Company published on 6 September 2021. The principal terms are as follows:

(i) Purpose

To establish and improve the Company's medium to long-term incentive mechanism to collectively integrate interests of the Shareholders, the Company and the Company's core team, fully motivate the management and core staff of the Company and achieve high-quality development of the Company.

(ii) Incentive Recipients

Directors and senior management of the Group who play a vital role in the medium to long-term development of the Company and the core staff of the Group who have made direct contribution to the operating results and sustainable development of the Company (excluding independent Directors, Shareholders or de facto controllers of the Company who individually or collectively hold more than 5% of the issued Shares of the Company and their respective spouses, parents or children).

(iii) Shares Available under the 2021 Incentive Scheme

The maximum number of restricted Shares granted to the recipients under the 2021 Incentive Scheme is 35,300,000 Shares, representing approximately 2.64% of the total issued Shares as at 31 December 2022.

(iv) Maximum Entitlement of Each Participant

The total number of the Shares to be granted to each of the recipients under the 2021 Incentive Scheme shall not exceed 1% of the total issued Shares.

(v) Validity Period

The validity period of the 2021 Incentive Scheme shall commence from the date of the approval (i.e. 27 September 2021) and end on the date on which all lock-up restrictions imposed on the restricted Shares to be granted to the incentive recipients are lifted or all the restricted Shares to be granted to the incentive recipients are lapsed, which shall be no more than ten years (no later than 26 September 2031). As at the date of this annual report, the remaining life of the 2021 Incentive Scheme is approximately 7 years and 6 months.

(vi) Lock-up Period

The lock-up periods of the 2021 Incentive Scheme are 24 months, 36 months and 48 months from the date of allotment and issue of the restricted Shares (i.e. 4 November 2021 or 28 March 2023), and 40%, 30% and 30% of the restricted Shares will be unlocked after each of the three lock-up periods expires, but subject to fulfillment of the conditions pursuant to the 2021 Incentive Scheme, respectively.

(vii) Grant Price

The grant price under the 2021 Incentive Scheme was HK$2.41 per Share. Pursuant to the 2021 Incentive Scheme, the restricted Shares shall be granted at a price not less than the par value of the Shares and not less than the higher of:

(i) 50% of the closing price of the Shares as quoted on the Stock Exchange on the price benchmark date (i.e. the trading day immediately prior to the date of the Announcement); and

(ii) 50% of the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately preceding the price benchmark date (i.e. the trading day immediately prior to the date of the Announcement).

Grant Price was determined with reference to the Notice on Further Improving the Implementation of Equity Incentive Schemes by Central SOE-controlled Listed Companies (Guo Zi Fa Kao Fen Gui [2019] No. 102) (《關於進一步做好中央企業控股上市公司股權激勵工作有關事項的通知》(國資發考分規[2019]102號)) and Guidelines for the Implementation of Equity Incentive Schemes by Central SOE-controlled Listed Companies (Guo Zi Fa Kao Fen Gui [2020] No. 178) (《中央企業控股上市公司實施股權激勵工作指引》(國資考分[2020]178號)).

The incentive recipients shall pay the subscription funds for the restricted Shares granted to the Company's designated account within the time period as prescribed by the Company. There is no additional amount payable on application or acceptance of the restricted Shares awarded.

(viii) Completion of the Grant

On 4 November 2021, the Company completed allotment and issue of 28,250,000 restricted Shares under the 2021 Incentive Scheme ("Initial Grant"). The closing price of the Shares immediately before the grant date was HK$4.17 per Share. A total of 7,050,000 Shares were reserved to be granted to the incentive recipient(s).

On 15 December 2022, the Board resolved to grant in aggregate 7,050,000 restricted Shares to not more than 105 employees of the Group pursuant to the 2021 Incentive Scheme. Among the 7,050,000 reserved Shares granted, 2,630,000 restricted Shares are proposed to allot and issue to certain connected persons of the Company (i.e. 25 directors, supervisors and general managers of the Company's subsidiaries). Details of the grant were disclosed in the Company's announcement dated 15 December 2022 and the Company's circular dated 17 January 2023.

As at 31 December 2022, the restricted Shares have not been allotted and issued.

At the extraordinary general meeting of the Company held on 10 February 2023, the resolution approving the grant of 2,630,000 restricted Shares pursuant to the 2021 Incentive Scheme to 25 directors, supervisors and general managers of the Company's subsidiaries was passed by the independent shareholders of the Company by way of poll. On 28 March 2023, the Company completed allotment and issue of 7,050,000 restricted shares. Since then, all the shares under the 2021 Incentive Scheme have been granted and the Company has no remaining entitlements available under the 2021 incentive Scheme.

2023 INCENTIVE SCHEME

As all the entitlements under the 2021 Incentive Scheme have been granted (of which the allotment and issue of 7,050,000 restricted Shares were completed on 28 March 2023, as detailed in (viii) Completion of the Grant under the 2021 Incentive Scheme), as at 1 January 2023, the Company did not grant any Shares to employees under any equity incentive schemes (other than the 2021 Incentive Scheme).

On 7 November 2023, the Company adopted the 2023 Incentive Scheme, which was approved at the extraordinary general meeting of the Company held on 21 December 2023. Details of the 2023 Incentive Scheme have been disclosed in the announcements of the Company dated 7 November 2023 and 21 December 2023 and the circular of the Company dated 4 December 2023. The principal terms are as follows:

(i) Purpose

To establish and improve the Company's medium to long-term incentive mechanism to integrate interests of the Shareholders, the Company and the Company's core team, fully motivate the management and core staff of the Company and achieve high-quality development of the Company.

(ii) Incentive Recipients

Directors and senior management of the Group who play a vital role in the medium to long-term performance development of the Company and the core staff (excluding independent non-executive Directors, Shareholders or de facto controllers of the Company who individually or collectively hold more than 5% of the issued Shares and their respective spouses, parents or children).

(iii) Shares Available under the 2023 Incentive Scheme

Under the 2023 Incentive Scheme, it is proposed to allot and issue up to 40,000,000 Restricted Shares (the exact number is subject to the actual subscription) to the Incentive Recipients, representing 2.92% of the total issued Shares as at 7 November 2023.

On 28 December 2023, the Company completed allotment and issue of 37,230,000 restricted Shares under the 2023 Incentive Scheme. Since then, all Shares under the 2023 Incentive Scheme had been granted. The closing price of the Shares immediately before the grant date was HK$3.21 per Share.

(iv) Maximum Entitlement of Each Participant

The total number of Restricted Shares granted to each Incentive Recipient under the 2023 Incentive Scheme, as well as all options and awards granted to such person (excluding any options and awards lapsed in accordance with the terms of the scheme) under all share scheme(s) of the Company shall not exceed 1.00% of the total share capital of the Company.

(v) Validity Period

The validity period of the Incentive Scheme shall commence from the date of the approval (i.e. 21 December 2023) and end on the date on which the conditions for lifting the lock-up restrictions are fulfilled in full or all Restricted Shares granted to the incentive recipients are repurchased, which shall be no more than ten years (not later than 20 December 2033). As at the date of this annual report, the remaining life of the 2023 Incentive Scheme is approximately 9 years and 9 months.

(vi) Lock-up Period

The lock-up periods of the 2023 Incentive Scheme are 24 months, 36 months and 48 months from the date of allotment and issue of the Restricted Shares, (i.e. 28 December 2023) and 40%, 30% and 30% of the Restricted Shares will be unlocked and vested after each of the three lock-up periods expires, respectively, but subject to fulfillment of the conditions under the 2023 Incentive Scheme.

(vii) Grant Price

The grant price under the 2023 Incentive Scheme was HK$1.87 per Share. Pursuant to the 2023 Incentive Scheme, the restricted Shares shall be granted at a price not less than the par value of the Shares and not less than the higher of:

(i) 50% of the closing price of the Shares as quoted on the Stock Exchange on the price benchmark date (i.e. the date of the announcement on 7 November 2023); and

(ii) 50% of the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately preceding the price benchmark date;

The Grant Price was determined with reference to the Notice on Further Improving the Implementation of Equity Incentive Schemes by Central SOE-controlled Listed Companies (Guo Zi Fa Kao Fen Gui [2019] No. 102) (《關於進一步做好中央企業控股上市公司股權激勵工作有關事項的通知》(國資發考分規[2019]102號)) and Guidelines for the Implementation of Equity Incentive Schemes by Central SOE-controlled Listed Companies (Guo Zi Fa Kao Fen Gui [2020] No. 178) (《中央企業控股上市公司實施股權激勵工作指引》(國資考分[2020]178號)).

The incentive recipients shall pay the subscription funds for the restricted Shares awarded (i.e. the number of restricted Shares awarded multiplied by the grant price) to the Company's designated account within the time period as prescribed by the Company. There is no additional amount payable on application or acceptance of the restricted Shares granted.

As at the date of this report, the Company has no remaining entitlements available under the 2023 Incentive Scheme and any other share schemes.

The number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the Year divided by the weighted average number of Shares of the relevant class in issue for the Year was approximately 3.6%.

Details of the accounting standard and policy adopted for the 2021 Incentive Scheme and 2023 Incentive Scheme are set out in note 2 "2.26 Share-based employee compensation" to the consolidated financial statements contained in this report. Details of the share-based payments under the Incentive Scheme are set out in note 9 "Employment Benefit Expense (Including Directors' Emoluments") to the consolidated financial statements contained in this report.

Details of the movements of the restricted Shares during the Year are as follows:

Name of the incentive recipient	Position within the Group	Number of unvested restricted Shares as at 1 January 2023	Date of grant (i.e. Date of issuance of restricted Shares)	Granted during the Year	Vested during the Year (Note 4)	Cancelled during the Year	Lapsed during the Year (Note 5)	Number of unvested restricted Shares as at 31 December 2023	Vesting Period
Ms. Qiao Haixia	Executive Director and Chief Executive Officer of the Company	600,000	4 November 2021	–	240,000	–	–	360,000	Note 1
		–	28 December 2023	600,000	–	–	–	600,000	Note 2
Sub-total		600,000	–	600,000	240,000	–	–	960,000	–
Mr. Huang Danghui	Executive Director	600,000	4 November 2021	–	240,000	–	–	360,000	Note 1
		–	28 December 2023	600,000	–	–	–	600,000	Note 2
Sub-total		600,000	–	600,000	240,000	–	–	960,000	–
Sub-total of Directors		1,200,000	–	1,200,000	480,000	–	–	1,920,000	–
Five highest paid individuals during the Year (excluding the above two Directors)		760,000	4 November 2021	–	304,000	–	–	456,000	Note 1
		—	25 March 2023	190,000	–	–	–	190,000	Note 3
		—	28 December 2023	1,490,000	–	–	–	1,490,000	Note 2
Sub-total of five highest paid individuals during the Year		760,000	–	1,680,000	304,000	–	–	2,136,000	
Other employees of the Group		25,140,000	4 November 2021	–	9,976,000	–	200,000	14,964,000	Note 1
		—	25 March 2023	6,860,000	–		100,000	6,760,000	Note 3
		—	28 December 2023	34,540,000	–	–	–	34,540,000	Note 2
Sub-total of other employees		25,140,000	–	41,400,000	9,976,000	–	300,000	56,264,000	–
Total		27,100,000	–	44,280,000	10,760,000	–	300,000	60,320,000	–

Notes:

1. Represent the restricted Shares granted under the Initial Grant. These restricted Shares will be released from lock-up restriction in three tranches, with lock-up periods of 24 months, 36 months and 48 months from the date of grant of the restricted Shares (i.e. 4 November 2021), and 40%, 30% and 30% of the restricted Shares will be released from lock-up restriction in each tranche, respectively, subject to the fulfilment of the conditions under the 2021 Incentive Scheme.

2. Represent the restricted Shares granted by the Group under the 2023 Incentive Scheme. These restricted Shares will be released from lock-up restriction in three tranches, with lock-up periods of 24 months, 36 months and 48 months from the date of grant of the restricted Shares (i.e. 28 December 2023), and 40%, 30% and 30% of the restricted Shares will be released from lock-up restriction in each tranche, respectively, subject to the fulfilment of the conditions under the 2023 Incentive Scheme.

3. Represent the restricted Shares reserved under the 2021 Incentive Scheme (the "Reserved Grant"). These restricted Shares will be released from lock-up restriction in three tranches, with lock-up periods of 24 months, 36 months and 48 months from the date of grant of the restricted Shares (i.e. 25 March 2023), and 40%, 30% and 30% of the restricted Shares will be released from lock-up restriction in each tranche, respectively, subject to the fulfilment of the conditions under the 2021 Incentive Scheme.

4. As all the conditions for lock-up release for the first lock-up period under the Initial Grant were fulfilled, upon consideration and approval by the Remuneration Committee and the Board, a total of 10,760,000 restricted Shares were vested to the eligible incentive recipients under the Initial Grant during the Year. No restricted Shares under the Reserved Grant and the 2023 Incentive Scheme were vested during the Year.

5. During the Year, a total of 300,000 restricted Shares lapsed due to the resignation or retirement of incentive recipients.

RETIREMENT BENEFIT SCHEMES/PENSION SCHEME

Retirement benefits to employees are provided through defined contribution plans. Subsidiaries of the Company are required to contribute a certain proportion of its payroll costs to the pension scheme. The only obligation of the Company with respect to the pension scheme is to make the required contributions.

The retirement benefits costs charged in the income statement represent the contributions payable in respect of the current year to the retirement benefits scheme managed by respective local social security bureau in accordance with government regulations in different jurisdictions. The forfeited contributions (by us on behalf of employees who leave the scheme prior to vesting fully in such contributions) will not be used by us to reduce the existing level of contributions. Please refer to note 2.21 to the consolidated financial statements for the Year for more information.

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

Save for the issue of Shares pursuant to the 2021 and 2023 Incentive Schemes, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities up to the date of this annual report.

CORPORATE GOVERNANCE

Particulars of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 56 to 72 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained a sufficient public float (i.e. at least 25% of the issued Shares were held by the public) as required by Rule 8.08 of the Listing Rules.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee") (comprising all three INEDs, namely Mr. Lee Cheuk Yin Dannis (committee chairman), Mr. Li Kwok Tai James and Mr. Wu Yat Wai) has reviewed with the management the audited consolidated financial statements of the Company for the Year.

INDEPENDENT AUDITOR

The Group's consolidated financial statements for the Year have been audited by Grant Thornton Hong Kong Limited which will retire and, being eligible, offer itself for re-appointment at the AGM. Having approved by the Board upon the Audit Committee's recommendation, a resolution to re-appoint Grant Thornton Hong Kong Limited and to authorise the Directors to fix its remuneration will be proposed at the AGM.

There has been no change in auditor in any of the preceding three years as of 31 December 2023.

On behalf of the Board

Lin Weiguo
Chairman and Non-executive Director

Hong Kong, 21 March 2024

CORPORATE GOVERNANCE REPORT

The Board hereby presents to the Shareholders the corporate governance report for the year ended 31 December 2023 (the "Reporting Period").

CORPORATE GOVERNANCE CULTURE AND VALUE

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that Shareholder wealth will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

— satisfactory and sustainable returns to Shareholders;

— that the interests of those who deal with the Company are safeguarded;

— that overall business risk is understood and managed appropriately;

— the delivery of high-quality products and services to the satisfaction of customers; and

— that high standards of ethics are maintained.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving high corporate governance standards. It believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Listing Rules.

The Board is of the view that throughout the Reporting Period, the Company has complied with all the applicable principles and code provisions as set out in the CG Code.

The Company has in place a corporate governance framework and has established a set of policies and procedures based on the CG Code contained in Appendix C1 to the Listing Rules. Such policies and procedures provide the infrastructure for enhancing the Board's ability to implement governance and exercise proper oversight on business conduct and affairs of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules for dealings in securities of the Company by the Directors and relevant employees who are likely to be in possession of unpublished inside information of the Company.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the Reporting Period.

No incident of non-compliance of the Model Code by the relevant employees was noted by the Company from the Reporting Period.

BOARD OF DIRECTORS

The Company is headed by an effective Board which oversees the Group's businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and regularly reviews the contribution required from a Director to perform his/her responsibilities to the Company and whether the Director is spending sufficient time performing them that are commensurate with their role and the Board responsibilities. The Board includes a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

Board Composition

During the Reporting Period, the Board comprises the following Directors:

Executive Directors
Ms. Qiao Haixia *(Chief Executive Officer)*
Mr. Huang Danghui

Non-executive Directors
Mr. Lin Weiguo *(Chairman)*
Mr. Xu Yixuan

Independent Non-executive Directors
Mr. Lee Cheuk Yin Dannis
Mr. Li Kwok Tai James
Mr. Wu Yat Wai

The biographical information of the Directors is set out in the section headed "Biographical Details of Directors and Senior Management" on pages 25 to 29 of this annual report.

None of the members of the Board is related to one another.

Board Meetings and Directors' Attendance Records

Regular Board meetings should be held at least four times a year at approximately quarterly intervals involving active participation, either in person or through electronic means of communication, of a majority of Directors.

Apart from regular Board meetings, the Chairman also held meeting with independent non-executive Directors without the presence of other Directors for compliance with the code provision C.2.7.

During the Reporting Period, four Board meetings, one annual general meeting and two extraordinary general meetings (the "EGM(s)") were held. Details of the attendance of the Directors are as follows:

Name of Directors	Attendance of Board meeting	Attendance of annual general meeting	Attendance of EGM
Ms. Qiao Haixia	4/4	1/1	2/2
Mr. Huang Danghui	4/4	1/1	2/2
Mr. Lin Weiguo	4/4	1/1	2/2
Mr. Xu Yixuan	4/4	1/1	2/2
Mr. Lee Cheuk Yin Dannis	4/4	1/1	2/2
Mr. Li Kwok Tai James	4/4	1/1	2/2
Mr. Wu Yat Wai	4/4	1/1	2/2

Chairman and Chief Executive Officer

The positions of Chairman and chief executive officer of the Company ("Chief Executive Officer") are held by Mr. Lin Weiguo and Ms. Qiao Haixia respectively. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The Chief Executive Officer focuses on the Company's business development and daily management and operations generally.

Independent Non-executive Directors

During the Reporting Period, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

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

Board Independence Evaluation

The Company has established a Board Independence Evaluation Mechanism during the year which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard Shareholders' interests.

The objectives of the evaluation are to improve Board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct annual review on its independence. The Board Independence Evaluation Report will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

During the Reporting Period, all Directors has completed the independence evaluation in the form of a questionnaire individually and supplemented by individual interviews. The Board Independence Evaluation Report was presented to the Board and the evaluation results were satisfactory.

During the Reporting Period, the Board reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and the results were satisfactory.

Appointment and Re-election of Directors

The non-executive Directors (including independent non-executive Directors) are appointed for a specific term of three years from their respective date of appointment, which is renewable automatically for successive terms of one year commencing on the day immediately after the expiry of the then current term of his/her appointment, subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association of the Company.

Under the Articles of Association of the Company, at every annual general meeting of the Company, one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to, but not less than one-third shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. The retiring Directors shall be eligible for re-election. Moreover, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director appointed to fill a casual vacancy shall hold office only until the next following general meeting of the Company, any Director appointed as an addition to the Board shall hold office only until the next following general meeting of the Company, and in each case such Director shall then be eligible for re-election at the relevant meeting.

Accordingly, Ms. Qiao Haixia, Mr. Lee Cheuk Yin Dannis and Mr. Li Kwok Tai James will retire from office by rotation at the forthcoming annual general meeting, and being eligible, have offered themselves for re-election. Save as disclosed under "Service Contracts of Directors" of this annual report, none of the Directors who is proposed for re-election or any other Directors has a service contract that is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

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

The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

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

The Directors shall disclose to the Company details of other offices held by them.

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

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction shall be supplemented by visits to the Company's key plant sites and meetings with senior management of the Company.

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

The record of CPD relating to Director's duties and regulatory and business development that have been received by the Directors for the Reporting Period are summarized as follows:

Name of Directors	Type of Training(1)
Executive Directors	
Ms. Qiao Haixia *(Chief Executive Officer)*	A/B
Mr. Huang Danghui	A/B
Non-executive Directors	
Mr. Lin Weiguo *(Chairman)*	A/B
Mr. Xu Yixuan	A/B
Independent Non-executive Directors	
Mr. Lee Cheuk Yin Dannis	A/B
Mr. Li Kwok Tai James	A/B
Mr. Wu Yat Wai	A/B

Notes:

(1) Types of Training

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

The list of the Chairman and members of each Board committee is set out under "Corporate Information" on page 2.

Audit Committee

The Audit Committee consists of three independent non-executive Directors, namely Mr. Lee Cheuk Yin Dannis, Mr. Li Kwok Tai James and Mr. Wu Yat Wai. Mr. Lee Cheuk Yin Dannis is the chairman of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the Reporting Period, the Audit Committee held two meetings to review the annual financial results and report in respect of the year ended 31 December 2022, the interim results and report for the six months ended 30 June 2023, and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, appointment of external auditors and engagement of non-audit services and relevant scope of works and, connected transactions and arrangements for employees to raise concerns about possible improprieties.

The Audit Committee also met the external auditors twice without the presence of the executive Directors.

The attendance of the members of the Audit Committee are as follows:

Name of Members of the Audit Committee	Attendance
Mr. Lee Cheuk Yin Dannis *(Chairman)*	2/2
Mr. Li Kwok Tai James	2/2
Mr. Wu Yat Wai	2/2

Remuneration Committee

The Remuneration Committee consists of four members, namely Mr. Lin Weiguo, non-executive Director, Mr. Lee Cheuk Yin Dannis, Mr. Li Kwok Tai James and Mr. Wu Yat Wai, independent non-executive Directors. Mr. Wu Yat Wai is the chairman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management, establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration, approving the terms of executive directors' service contracts; and reviewing and/or approving matters relating to share schemes. In 2023, the Remuneration Committee reviewed and approved the 2023 restricted share incentive scheme of the Company, including (i) the terms of the said scheme, (ii) the qualification of the incentive recipients, (iii) the number of restricted Shares to be allocated to each incentive recipient according to his/her eligibility, and (iv) the conditions for lock-up; and reviewed and approved the lapsed restricted Shares under all existing share schemes due to resignation or retirement of incentive recipient.

During the Reporting Period, the Remuneration Committee held one meeting to review and make recommendation to the Board on the remuneration policy and structure of the Company and the remuneration packages of the executive Directors and senior management and other related matters.

The attendance of the members of the Remuneration Committee are as follows:

Name of Members of the Remuneration Committee	Attendance
Mr. Wu Yat Wai *(Chairman)*	1/1
Mr. Lin Weiguo	1/1
Mr. Lee Cheuk Yin Dannis	1/1
Mr. Li Kwok Tai James	1/1

Details of the remuneration of the Directors and the senior management of the Company by band are set out in the note 13 to the Financial Statements for the year ended 31 December 2023.

Nomination Committee

The Nomination Committee consists of four members, namely Mr. Lin Weiguo, non-executive Director, Mr. Lee Cheuk Yin Dannis, Mr. Li Kwok Tai James and Mr. Wu Yat Wai, independent non-executive Directors. Mr. Lin Weiguo is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The principal duties of the Nomination Committee include reviewing the Board composition, developing the criteria for identifying and assessing the qualification of the evaluating candidates for directorship, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the terms of reference of the Nomination Committee and Board Diversity Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendations to the Board.

During the Reporting Period, the Nomination Committee held one meeting to review the structure, size and composition of the Board and the independence of the independent non-executive Directors and to consider the qualifications of the retiring Directors standing for re-election at the annual general meeting, to review the Board Diversity Policy and Director Nomination Policy. The Nomination Committee considered that an appropriate balance of diversity perspectives of the Board is maintained and has not set any measurable objective implementing the Board diversity policy.

The attendance of the members of the Nomination Committee are as follows:

Name of Members of the Nomination Committee	Attendance
Mr. Lin Weiguo *(Chairman)*	1/1
Mr. Lee Cheuk Yin Dannis	1/1
Mr. Li Kwok Tai James	1/1
Mr. Wu Yat Wai	1/1

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board and is available on the website of the Company. The Company recognizes and embraces the benefits of having a diverse Board and sees diversity at the Board level as an essential element in maintaining the Company's competitive advantage. The Board pays attention to diversity (including gender diversity) across all levels of the Group. The employee gender ratio of the Group as at 31 December 2023 is 9,324 male: 5,763 female. The Group is in the view that the gender ratio is relatively satisfactory.

A true diverse Board will include and make good use of differences in the talents, skills, knowledge, regional and industry experience, background, gender and other qualities of the members of the Board. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. All appointments of the members of Board are made on merit, in consideration of the talents, skills and experience the Board as a whole requires to be effective.

The Nomination Committee reviews and assesses the composition of the Board and makes recommendations on any proposed changes to the Board to complement the corporate strategy of the Company. In reviewing and assessing the composition of the Board, the Nomination Committee will consider the benefits of all aspects of diversity, including without limitation, those described above, in order to maintain an appropriate range and balance of talents, skills, knowledge, experience and background on the Board.

The Nomination Committee will discuss and agree annually all measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption. At any given time, the Board may seek to improve one or more aspects of its diversity and measure progress accordingly.

At present, the Nomination Committee considered that the Board composition is in line with the Board Diversity Policy. The Board targets to maintain at least the current level of female representation, with the ultimate goal of achieving gender parity. The Board will continue to seek opportunities to increase the proportion of female members over time as and when suitable candidates are identified.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

The criteria for the Nomination Committee to select and recommend a candidate for directorship include the age, gender, skill, knowledge, experience, integrity and potential contributions to the Board in respect of available time and relevant interest to discharge duties as a member of the Board and whether he/she can demonstrate a standard of competence commensurate with his/her position as a Director. The recommendations were made into consideration composition of the Board and the Board Diversity Policy, with due regard to the overall effective function of the Board as a whole. Relevant members of the Nomination Committee have to abstain from voting when their own nomination was being considered.

Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

The Company has adopted a Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company’s business and corporate strategy;
- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- Requirements of Independent Non-executive Directors on the Board and independence of the proposed independent non-executive directors in accordance with the Listing Rules; and
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings as below:

(i) *Appointment of New Director*

— The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

— If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).

— The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.

— For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendation to shareholders in respect of the proposed election of director at the general meeting.

(ii) *Re-election of Director at General Meeting*

— The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring director and the level of participation and performance on the Board.

— The Nomination Committee and/or the Board should also review and determine whether the retiring director continues to meet the criteria as set out above.

— The Nomination Committee and/or the Board should then make recommendation to shareholders in respect of the proposed re-election of director at the general meeting.

Where the board proposes a resolution to elect or re-elect a candidate as director at the general meeting, the relevant information of the candidate will be disclosed in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

During the Reporting Period, the Board had reviewed the Company's corporate governance policies and practices, training and CPD of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Written Employee Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including risk identification, risk analysis, risk response, risk monitoring and risk reporting processes.

The objectives of the Company's risk management systems are to ensure that the Company operates and effective risk management system, to introduce the established risk management policy into the daily operations of the Company's business units, to cultivate and encourage awareness of risk management within the Group and to measure different risks, to monitor and control risks effectively and to ensure effective mitigation of risks, and the reduction of impact of risks.

The Company encourages its employees to adopt a proactive risk management approach to further strengthen the Group's risk awareness culture. The risk management system is incorporated into the business processes of our business units within the Group in order to mitigate the impact of risks with effective risk management policies. Evaluation has been conducted at least annually to confirm that risk management procedures and control policies are properly complied with. The Company also has engaged external professional firm for performing independent review of the adequacy and effectiveness of the risk management and internal control systems.

The Company has an internal audit function to focus on the adequacy and effectiveness of its risk management and internal control systems.

The management assessed the likelihood of risk occurrence, provided treatment plans, and monitored the risk management progress, and reported to the Audit Committee and the Board on all findings and the effectiveness of the systems. The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2023.

The Board, as supported by the Audit Committee as well as the management, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2023, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

The Company has in place the Whistleblowing Policy for employees of the Company and those who deal with the Company to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matters related to the Company.

The Company has also in place the Anti-Corruption Policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company to report any suspected corruption and bribery. Employees can also make anonymous reports to the internal audit function, which is responsible for investigating the reported incidents and taking appropriate measures. The Company continues to carry out anti-corruption and anti-bribery activities to cultivate a culture of integrity, and actively organizes anti-corruption training and inspections to ensure the effectiveness of anti-corruption and anti-bribery.

The Company has taken various measures in respect of integrity. On one hand, the Group have formulated rules and systems to strengthen the integrity construction of party building. The Group has signed the Letter of Responsibility for Integrity Construction with the subordinate units at all level, and the Integrity and Self-discipline Commitment with cadres at each level and cost procurement staff, requiring cadres at all level to take the lead in adhering to "double duty for one post", to consciously formed and normalized the awareness of responsibility by strict requirement, management and supervision. Secondly, to clarify the red line, the bottom line and the requirements of integrity and self-discipline as well as to strongly promote them within the system; to strengthen the education work for cadre in terms of integrity and self-discipline, to do well in the cadre pre-appointment education of integrity, to educate and warn them by cases around, and to strengthen the bottom line requirements of integrity and self-discipline among the cadre staff of the Company and build a sense of integrity through various education forms such as watching videos about integrity, learning knowledge of integrity and taking tests. On the other hand, the Group enhanced the construction of information for business processes and standardization in order to standardize the operation of various businesses, and further improve the prevention and control of integrity risks.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2023.

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

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 153 to 157.

AUDITOR'S REMUNERATION

An analysis of the remuneration paid and payable to the external auditor of the Company, Grant Thornton Hong Kong Limited, in respect of audit services and non-audit services for the year ended 31 December 2023 is set out below:

Service Category	Fees Paid/Payable
Audit Services	0/HK$1,150,000
Non-audit Services	
— Due Diligence in respect of risk management review and internal control review services (Paid to Grant Thornton Advisory Services Limited)	HK$70,000/HK$60,000
	HK$70,000/HK$1,210,000

COMPANY SECRETARY

Ms. Kam Mei Ha Wendy has been appointed as the Company's company secretary. Ms. Kam Mei Ha Wendy is an executive director of the Corporate Services Division of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services.

All Directors have access to the advice and services of the company secretary on corporate governance and board practices and matters. The chief financial officer of the Company, has been designated as the primary contact person at the Company who would work and communicate with Ms. Kam Mei Ha Wendy on the Company's corporate governance and secretarial and administrative matters. For the year ended 31 December 2023 and till 2 April 2024, Ms. Luo Yi was the chief financial officer of the Company; while Ms. Li Ting became the chief financial officer with effect from 3 April 2024 of the Company.

For the year ended 31 December 2023, Ms. Kam Mei Ha Wendy has undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings of the Company, including the election of individual Director. All resolutions put forward at general meetings of the Company will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting of the Company.

Convening an Extraordinary General Meeting

Shareholders are encouraged to attend all general meetings of the Company. According to Article 10.3 of the Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any member(s) of the Company deposited at the principal place of business of the Company in Hong Kong or, in the event the Company ceases to have such a principal place of business, the registered office specifying the objects of the meeting and signed by the requisitionist(s), provided that such requisitionist(s) held as at the date of deposit of the requisition not less than one-tenth of the number of issued shares in the Company which carries the right of voting at general meetings of the Company. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board, provided that any meeting so convened shall not be held after the expiration of three (3) months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

The Company's Principal Place of Business in Hong Kong located at Room 3517, 35/F, Wu Chung House, 213 Queen's Road East, Wan Chai, Hong Kong.

Putting Forward Proposals at General Meetings

There are no provisions allowing Shareholders to put forward new resolutions at the general meetings of the Company under the Articles of Association. However, Shareholders who wish to put forward proposal at general meetings of the Company may make a requisition to convene an extraordinary general meeting following the procedures set out above.

Putting Forward Enquiries to the Board

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

Contact Details

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

Address:	Room 3517, 35/F, Wu Chung House, 213 Queen's Road East, Wan Chai, Hong Kong (For the attention of the Board of Directors)
Fax:	(852) 2525 7890
Tel:	(852) 2525 7922

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Procedures for Shareholders to propose a person for election as a Director

The following procedures are subject to the Articles of Association and the applicable legislation and regulations.

If a shareholder (other than the person to be proposed), who is duly qualified to attend and vote at the general meeting of the Company, wishes to propose a person for election as a Director at that general meeting, he/she/it can deposit a written notice at either of the following addresses:

Headquarters of the Company in the PRC
Unit 703, 7th Floor
C&D International Building
No. 1699 Huandao East Road
Xiamen, PRC

Hong Kong branch share registrar and transfer office of the Company
Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

In order for the Company to inform all Shareholders of that proposal, the written notice must state the full name of the person proposed for election as a Director, his/her biographical details as required by Rule 13.51(2) of the Listing Rules, and be signed by the shareholder concerned together with a written notice of the person proposed for election as a Director indicating his/her willingness to be elected and consent to the publication of his/her personal information.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and other general meetings. At the annual general meetings, Directors (or their delegates as appropriate) are available to meet shareholders and answer their enquiries.

Policies relating to Shareholders

The Company has in place a Shareholders Communication Policy. The policy aims at promoting effective communication with Shareholders and other stakeholders, encouraging Shareholders to engage actively with the Company and enabling Shareholders to exercise their rights as Shareholders effectively. The policy is regularly reviewed to ensure its effectiveness. Pursuant to Rule 2.07A of the Listing Rules, the Company disseminates future corporate communications of the Company (the "Corporate Communications") to Shareholders electronically and only send Corporate Communications in printed form to Shareholders upon request. The Company will make the Corporate Communications available on its website (www.cndservice.com) and the Stock Exchange's website (www.hkexnews.hk).

The Company reviewed the implementation and effectiveness of the Shareholder's Communication Policy and communication activities with Shareholders in 2023 and was satisfied with the implementation and effectiveness of the Shareholders' Communication Policy which allowed Shareholders to engage actively with the Company.

CONSTITUTIONAL DOCUMENTS

During the Reporting Period, the Company has amended its Articles of Association. Details of the amendments are set out in the circular dated 27 April 2023 to the Shareholders. An up-to-date version of the Company's Articles of Association is also available on the Company's website and the Stock Exchange's website.

1. ABOUT THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. Introduction to the Report

This report is the fourth Environmental, Social and Governance Report (Environment, Social and Governance, hereinafter referred to as "ESG") published by the Group. This report aims to provide stakeholders with a full picture of the Group's philosophy, management, actions and effectiveness in ESG in 2023. The Board of Directors of the Group is responsible for monitoring the content of the report and ensuring that it does not contain false entries, misleading statements or material omissions.

2. Scope and Boundary of the Report

The Report covers the business of property management services, community value-added and synergy services and value-added services to non-property owners, commercial property operation management services and other services of the Group from 1 January 2023 to 31 December 2023. For details of the Group's business strategies, operations and financial performance, please refer to the 2023 Annual Financial Report of the Group.

3. Preparation Basis of the Report

This report has complied with all mandatory disclosure requirements and the "comply or explain" provisions set out in Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited issued by The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). The content index of the ESG Reporting Guide is set out in Appendix 3 of this report for quick search.

This report follows the four reporting principles of materiality, quantitative, consistency and balance as mentioned in the ESG Reporting Guide, striving to fully manifest the management and achievements of the Group on the aspect of ESG. The Report responds to the principle of "Materiality" through the analysis and evaluation of material issues; responds to the principle of "Quantitative" with the list of quantitative data; and ensures that the disclosure scope and reporting methods of the Report are generally consistent every year to respond to the principle of "Consistency", so as to ensure that historical data has good comparability; meanwhile, responds to the principle of "Balance" through the review of negative issues and poor performance.

4. **Source of reporting information and data**

The information disclosed in this report is derived from official documents, reports or relevant public information of the Group. All data used in the Report are from the relevant functional departments of the Company and its selected subsidiaries. Unless otherwise stated, all data in this report are presented in RMB as the currency unit.

5. **Publication method of the Report**

This report is available in both Chinese and English and published in electronic version. In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail. The electronic version of the Report is available on the official website of the Group (http://www.cndservice.com) or the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

2. CONCEPT AND GOVERNANCE OF SUSTAINABLE DEVELOPMENT

1. **Concept of Sustainable Development**

The Group always implements the concept of sustainable development and regards economic development, social harmony and environmental sustainability as important reference indicators for corporate development. In daily business decision-making, the Group actively integrates the concept of sustainable development and puts it into practice, and continues to provide shareholders, owners, employees, suppliers and the environment value creation.

Brand positioning

People who build
a good life

Brand Vision

Becoming a first class
urban service operator in the PRC

Core values

Discovering needs, exceeding expectations
and building happiness together

Brand Mission

Offering high quality living spaces
and leading a better life

2. **Sustainability Management**

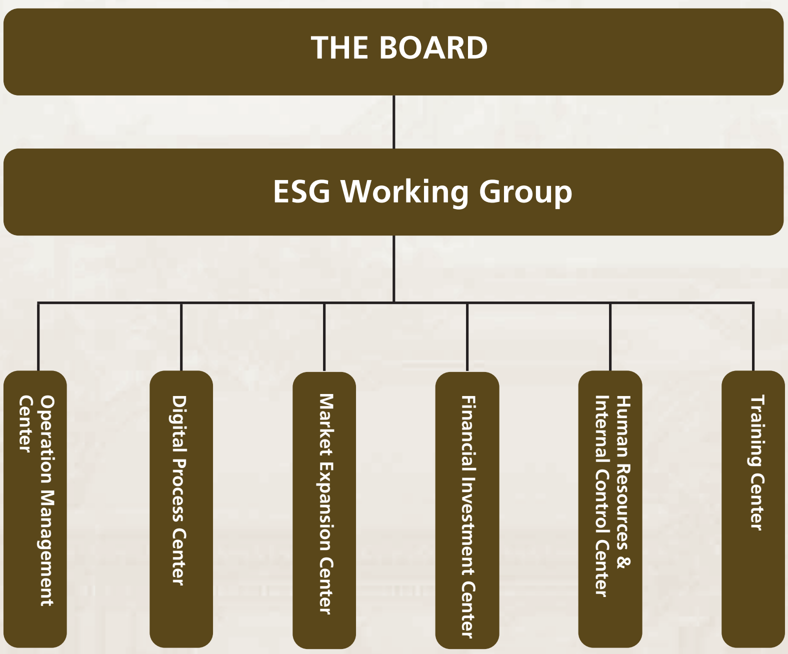
The Group attaches great importance to ESG management and is well aware of the potential impact of service quality improvement, employment management, environmental impact management and other matters on the Group's financial performance and sustainable development. The Group has established a multi-level ESG governance structure with the Board as the core, and clarified its responsibilities and authorities in decision-making, execution, supervision and other aspects.

The Board, as the highest decision-making body of the ESG governance structure, the Board is fully responsible for the Group's ESG strategy and reporting, overseeing the revision and implementation of the Group's ESG-related strategies, deploying resources to ensure the effective operation of ESG risk management, and reviewing and formally approving the annual ESG report. Meanwhile, the Board will oversee and review the progress of ESG-related objectives in due course and assess the alignment between ESG-related objectives and the Group's business development.

The Board has established an ESG Working Group and delegated the ESG Working Group to perform the ESG monitoring duties of the Board within its terms of reference, including the assessment and determination of ESG-related risks and opportunities; the formulation of the Group's ESG management policies, strategies, priorities and objectives, and the review of the Group's performance in relation to ESG-related objectives through the setting of indicators, etc. The ESG Working Group reports regularly to the Board of Directors on the progress and recommendations on the above ESG issues.

As a core member of the ESG Working Group, the head of each function center is responsible for implementing the ESG management strategy and continuously following up on the progress of achieving the ESG management objectives.

ESG Governance Structure



The Group has established and continuously improved its risk management and internal control system and has incorporated ESG risks into its comprehensive corporate risk management system. The Group regularly conducts risk assessment and response work, monitors the implementation of risk management policies and reports regularly to the Board on the control of material risks. For more details on risk management and internal control, please refer to the "Corporate Governance Report" of the Group.

3. COMMUNICATION WITH STAKEHOLDERS

The Group has created rich and flexible multi-level communication channels through its extensive communication with stakeholders such as shareholders, investors, employees, customers/residents and suppliers, to ensure that the communication channels are open, transparent and effective, so as to better listen to the views and suggestions of various stakeholders and provide targeted responses.

Stakeholders	Communication Channels	Major Concerns	The Group's response
Shareholders and investors	• Annual General Meeting • Official website of the Group • Investor contact number • Interviews and meetings	• Financial performance • Operational transparency • Risk management • Investors interest	• Improve profitability • Regular disclosure of business information • Risk control management • Convening General Meetings
Staff	• Questionnaires and interviews • Employee engagement survey • Feedback platform • Staff training	• Career development prospects • Remuneration and benefits • Healthy and safe working environment • Fair promotion and development opportunities	• Building talent development channels • Protection of competitive salaries and benefits • Improving health and safety management system • Employee communication and grievance mechanism
Customers/ property owners	• Customer satisfaction questionnaire and interview • Customer communication hotline • Community Activities	• Product quality • Customer service quality • Customer privacy and security • Customer rights protection	• Service quality assurance • Customer privacy protection • Compliance marketing • Improving customer communication mechanism
Suppliers	• Regular assessment of suppliers • Supplier meetings • Supplier recruitment visits • Supplier skills exchange/ training sessions	• Honest cooperation • Business ethics and reputation • WIN-WIN COOPERATION • Experience sharing	• Improve supplier cooperation mechanism • Facilitate daily communication • Creating a Responsible Supply Chain • Fulfillment of contracts in accordance with laws

Stakeholders	Communication Channels	Major Concerns	The Group's response
Partners	• Expert training • Online/offline communication meetings • Partner research	• Market collaboration • Resource sharing • Improving management effectiveness	• Establishing a resource base for market collaboration • Actively connect resources of the Group • Continuous improvement of internal management
Government/ Supervisory Authority	• Cooperation projects • Interviews • Tax information reporting	• Discipline and law-abiding • Paying taxes in accordance with the law • Supporting local development	• Operation in compliance with laws and regulations • Pay taxes in full and on time • Active implementation of relevant policies
Community/ Subdistrict Office	• Community events • Disclosure of public information	• Protecting the community environment • Promoting the community development	• Practise green operation • Promoting community culture
Public interest institutions/ organisations	• Community event • Press releases	• Supporting social welfare • Promoting social progress	• Developing welfare projects • Commitment to charity

4. ESG MATERIALITY ASSESSMENT

The Group attaches high importance to the assessment of material ESG issues. Through the assessment of material ESG issues, the Group understands the importance of each ESG issue to the Group's business development and the concern of stakeholders in a timely and comprehensive manner, and takes proactive measures to further promote the disclosure of ESG the Group's information and the continuous improvement of the management of related issues.

Specified procedures for materiality assessment of ESG issues during the Year were as follows:

Step 1 ESG issues identification

Identify 19 material issues in accordance with "ESG Reporting Guide" of the Hong Kong Stock Exchange in combination with the Group's business development status, hot topics in the market and political environment.

Step 2 Stakeholder Communication

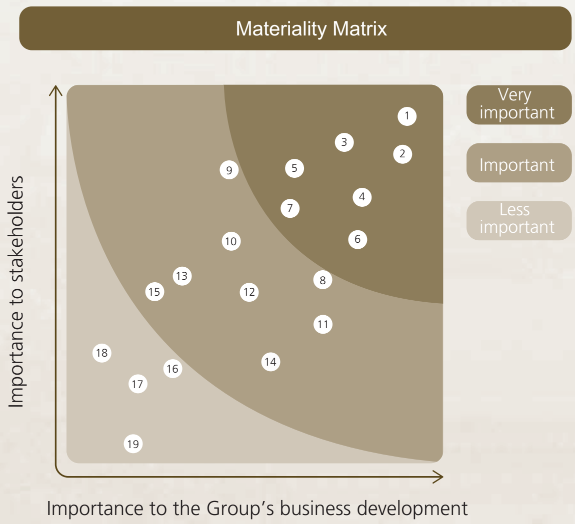
Communicate with stakeholders through various channels (such as interviews) and collect their feedback on the Group's ESG performance in 2023 and expectations.

Step 3 Assessment of material ESG issues

The management of the Group evaluated the analysis results, ranked each material issue according to its priority, and compiled a matrix of material ESG issues.

Step 4 Respond to material issues

Confirm disclosure focus of the Report in accordance with opinion from stakeholders and results of materiality analysis and respond to the issues in the Report by the Group's management.



Materiality	Sort by	Material issues
Very important	1	Service quality and customer satisfaction
	2	Promoting smart property development
	3	Customer health and safety
	4	Employees' recruitment and career advancement
	5	Employees' health and safety
	6	Establishing a culture of integrity
	7	Employees' training and development
Important	8	Resource and energy efficiency
	9	Customer privacy and information security
	10	Employees' rights and care
	11	Green office and promotion for environmental protection
	12	Response to climate change
	13	Diversity and equal opportunities
	14	Supply chain environment and social management
	15	Philanthropy and community development
Less important	16	Waste water and waste management
	17	Waste and greenhouse gas emissions management
	18	Reasonable marketing and promotion
	19	Intellectual property maintenance and protection

The results of this year's materiality assessment showed that the key concerns of stakeholders continued to focus on service quality and customer satisfaction, promotion of smart property development, customer health and safety, employee recruitment and promotion, etc. The Group attaches great importance to the opinions of stakeholders. We will focus on the disclosure of relevant issues in this report to respond to the demands of all parties, which is used as an important reference for the Group's ESG development plan in the coming year.

5. GENUINE SERVICE TO UPHOLD OUTSTANDING QUALITY

With "courtesy" as the core, the Group adheres to the corporate mission of "developing new value of service, making life better" and sticks to the philosophy of "quality first, customer first", generating in-depth insight on customer demand for a better quality of life. Focusing on optimized service quality, striving for continuous improvement in service quality and pursuing excellence in operational standards and value creation, the Group is committed to creating the wonderful living environment, with the aim to provide the ultimate service experience for residents.

1. Creating quality service

The Group always pays attention to customers' aspirations for a better life, constantly optimizes the service system, attaches importance to service quality management, and continues to seek innovation and breakthroughs, striving to provide customers with quality services and sincere services.

Refined research service system

The Group has established the "4C Beautiful Life Service System" that focuses on sustainability, care, comfort, and community as its four key attributes. It is committed to providing customers with a continuous supply of quality and heartfelt services. Meanwhile, the Group enhances the service standards by combining with the Group's strategic direction and feedbacks on the execution thereof from various units. The Project Operation System of C&D Property is amended to update the detailed requirements for project management throughout its entire lifecycle, constantly optimizing the project management system throughout its entire lifecycle.

4C Beautiful Life Service System

Two goals
Zero liability accident and zero outstanding debts

One project management process
A project-centred approach to achieving all project successes

5 important stages
Kick-off meeting (early intervention), two follow-up visits (case site and construction site), delivery risk investigation, takeover preparation and routine phase

6 specialties:
Maintenance, environment, engineering, housekeeping, value-added services and human resources and administration

Project management system throughout its entire lifecycle

At the same time, the Group has established a four-level project operation management mechanism, consisting of property group, cluster property division, property business division, and property area/project. It has also refined the key management points and job responsibilities at each level to achieve hierarchical management and supervision of service quality, so as to ensure the implementation of service quality and facilitate the improvement of customer satisfaction and brand reputation.

Property group

- Responsible for formulating systems and standards related to project operation management
- Inspect the implementation of systems, evaluate the operational management work of each business unit, supervise the effective implementation of systems and standards, and constantly optimize and improve the level of operational management
- Identify and issue early warnings for major and challenging projects (including those recording losses), to provide guidance and follow up thereon to ensure successful transformation

Cluster property division

- Responsible for the supervision and guidance of quality, engineering, safety, satisfaction and operational conditions
- Responsible for supervising the standard incubation and delivery preparation work of initial entry and initial delivery projects
- Carry out inspection and evaluation work for property business division and property area/project in accordance with the standards set by property group

Property business division

- As the subject of operation and production, it is responsible for organizing monthly business analysis meetings, and completing the correction of various indicators and major challenging projects
- Provide assistance to, conduct supervision and inspection on the effective implementation of various standards and systems
- Handling of public opinion and emergencies

Property area/project

- Responsible for organizing various activities throughout the full cycle of project production and operation, creating charts and tables to present information and data, and conducting monthly analysis review, in order to ensure the achievement of key indicators such as payment collection, operating revenue and net profit
- Responsible for the daily work of each project, such as maintenance, environment, engineering, customer service, value-added services, and human resources and administration
- Implement the various standards of the property group to ensure the safe operation of projects

Project operation management mechanism

As of 31 December 2023, the Group's property management portfolio covered 63 cities across 16 provinces, municipalities and autonomous regions in China, with 659 contracted projects, with contracted gross floor area of approximately 101.8 million sq.m. and gross floor area under management of approximately 61.4 million sq.m., providing quality services to over 375,000 households, including property management services, community value-added and synergy services, value-added services to non-property owners, etc.. The Group has obtained the first-class qualification in property management and has obtained certifications such as ISO 9001 Quality Management System, ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety Management System.


CERTIFICATE
质量管理体系认证证书
怡家园（厦门）物业管理有限公司

ISO 9001 Quality Management System


CQM
China Quality Mark
环境管理体系认证证书
怡家园（厦门）物业管理有限公司
方圆标志认证集团

ISO 14001 Environmental Management System


CQM
China Quality Mark
职业健康安全管理体系认证证书
怡家园（厦门）物业管理有限公司
方圆标志认证集团

ISO 45001 Occupational Health and Safety Management System

During the Year, the Group was honored with multiple accolades, including being ranked 25th in the "2023 Top 100 Property Management Companies in the PRC", the 6th in the "2023 TOP10 Leading Listed Property Management Companies in the PRC in terms of High-Quality Development", the 7th in the "2023 Top 10 Integrated Strength Property Management State-owned Companies in the PRC", and was granted the honorary title of "2023 Top 20 High-End Property Management Service Companies in the PRC", which demonstrated the market's full recognition of the Group's property management services.

Strict quality inspection

The Group continues to improve the quality control and inspection mechanism to refine hierarchical monitoring and assessment of service quality, with the aim to ensure our service quality.

Property group/ Cluster property division
✓ The Group is responsible for organizing a third party to conduct unannounced visits and satisfaction research on the regular project, implement the evaluation and use it as an important bass for assessment. ✓ The cluster property division carries out indicators and implementation of the benchmarking plan on a quarterly basis, checks the gap and implementation of work standards. Major challenging projects are covered once per quarter, while other projects have a minimum coverage rate of 10% throughout the Year. ✓ The third parties are organised to conduct inspections and evaluations of the C&D system's case sites and regular projects, covering once a year in principle.

Property business division
✓ Carry out indicators and implementation of the benchmarking plan on a monthly basis, check the gap and the implementation of the standard.

Standardised quality inspection mechanism

The Group is also actively engaged in on-site undercover investigations and unannounced inspections, where the findings are subject to prompt reviews, targeted rectification measures will be implemented, and key issues and challenges will be professionally followed through. Such efforts will provide a comprehensive guarantee of the quality of property services. As of 31 December 2023, the Group completed undercover investigations for 198 self-owned projects and 119 external projects, as well as unannounced inspections for 80 projects.

Exploring innovative services

In line with the increasingly deepened aging demographics, the simultaneous increase in the age of sanitation personnel and administrative pressure, the industry is shifting towards equipment efficiency that substitutes for traditional manual operations. Against this backdrop, the Group actively explores innovative sanitation service models. Subject to operational scenarios, a combination of sanitation equipment and personnel, or a collaborative approach involving multiple machines, is adopted. This not only reduces the risks associated with personnel employment but also enables quantitative management of on-site work, thereby enhancing service quality and efficiency. Meanwhile, the Group implements digital management of sanitation work orders, clearly distinguishing between periodic specialized tasks and daily work. Furthermore, the on-site equipment can determine routes that align with actual operational efficiency, enabling the systematic monitoring of work duration, coverage routes, and frequencies, which allows for effective control of on-site work quality.

To facilitate the effective implementation of the new sanitation models, in 2023, the Group conducted 12 special training sessions for leaders and operators competent in the environmental module to enhance their understanding and comprehension of the new sanitation model.

✓ For the leadership of the environmental module, the training will focus on the dissemination and implementation of logical principles, equipment and system management, and other relevant topics. It will also include on-site learning through field visits to pilot locations, further deepening their understanding of the new operating model;

✓ For the operators of the environmental module, special training will be provided on new approaches to sanitation equipment and green maintenance standards, which aims to familiarize the operators with the new approaches and techniques when using the equipment.


Special training sessions

2. Implementing Smart Property Solutions

The Group evangelizes about a lifestyle led by smart technology, and is dedicated to creating a living environment that integrates greenery, technology, space, and humanity. By tapping into advanced technologies such as the internet and Internet of Things applications, the Group optimizes intelligent operational construction, innovates and explores smart communities, upgrades traditional business capabilities, which are aimed at introducing customers to new experiences in smart and digital services.

Community Brain Platform

During the Year, the Group continued to promote the construction and application of the Community Brain Platform, which is integrated with "people, enterprises, matters, assets, and finance", consolidating smart devices and facilities into the smart community platform. It unified and standardized community project management, while operation management systems become networked, visualized, data-driven, and smartized, effectively enhancing service experiences.

Smart elevator

- Through AI and other technologies, the elevator temperature can be controlled remotely in the machine room, and the risks of electric vehicles entering the elevator, blocking the elevator for a long time and elevator pit flooding can be automatically warned, and the property management will be informed of relevant incidents in a timely manner to avoid potential safety hazards and ensure the safety of owners' elevators.

Smart Pedestrian Access

- The remote access control is added, allowing owners to pass through using their mobile app. Facial recognition, conventional access card, and other methods are available as multiple access channels for enhancing owners' experiences in access control and improving the efficiency of security personnel.

Intelligent car travel

- Owners can make car park reservations for visitors using a mobile app. They can also check parking space details, remotely lock parking spaces, and see if a parking space is occupied, enabling seamless access for owners and visitors and convenient parking space management.
- The Tianqi platform is connected to the intelligent parking system, visualising the traffic volume of the parking lot, the information on the payment of parking fees, and the detailed breakdown of the on-site vehicles, and provides a comprehensive, financial, engineering and other detailed analysis accordingly to achieve unified management of vehicles. Therefore, owners are provided with safe and convenient parking services by intelligent means.

Smart Video

- The introduction of an intelligent cloud video monitoring system can conduct AI analysis and early warning on personnel departure, personnel gathering, lane occupancy and other behaviours, so as to facilitate the timely detection and handling of potential safety hazards of projects, realise online monitoring, centralised management, unified supervision, and effectively improve the safety performance of the community.

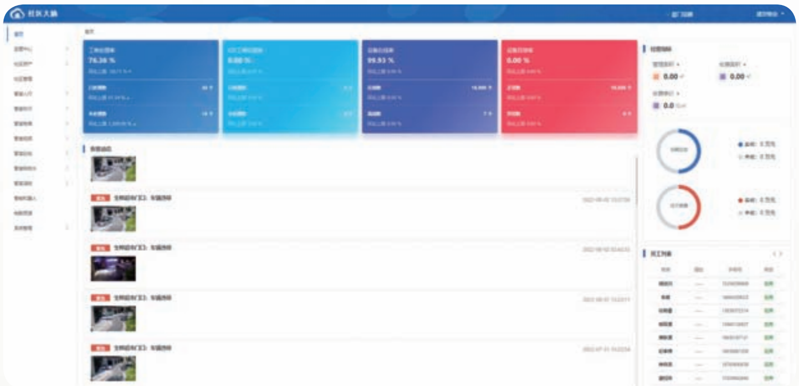
Smart water supply and drainage

- Real-time data such as operating status, fault status, power state, manual and automatic status, pipe network pressure, temperature and humidity value of domestic water pumps are monitored, and early warning thresholds are set to deal with abnormal situations in a timely manner to ensure the normal operation of facilities and equipment.

Intelligent Fire Protection

- The pressure value of the pipe network at the most unfavourable point at the end of the fire roof is monitored in real time, and sent warnings on fire alarm and fault signals at the fire station such as the temperature, smoke detection and manual alarm of the fire main unit, so as to achieve remote and multi-level fire management and ensure fire safety with intelligent means.

Community Brain Platform (partial display)



Community Brain Platform interface

Smart robot

During the Year, the Group continued to improve the service quality and efficiency by providing intelligent robots such as aroma robots, tour guide robots, temperature measurement robots and cleaning robots to assist property service personnel.

Aroma robot uses ultrasonic atomization technology to diffuse and spray fragrance at scheduled time and location

Tour guide robot uses voice instructions and touch panel to realise intelligent guidance to avoid obstacles

Cleaning robot self-completes charging, water supply and drainage circulation and efficiently executes floor washing task

Furthermore, the Group accurately identified customer demands by introducing delivery and takeout robots to provide owners with doorstep delivery services for parcels and meals, effectively extending the boundaries of our services to build a dream life for our customers.

Summon the robot to the Bird Box (鳥箱)

Delivery to owner's doorstep

Order by owners

Order placement: owners place orders by filling in the delivery address and pickup code on their mobile phones

Dropoff by housekeeper

Phone confirmation: the housekeeper calls the owners to ensure they are at home;

Order placement and item placement: the housekeeper completes the order by filling in the delivery address on their mobile phone or the robot's interface, and dropping off deliveries inside the robot;

Commencement of delivery: the robot starts delivering the item(s).

Collection by owners

Phone confirmation: once the robot arrives, it automatically calls the owners and notifies the successful delivery to their doorstep. A pickup code is also sent via SMS;

Entering the code: the owners enter the pickup code on the robot's operating screen;

Completion of item collection: upon verification, the owner collects the item.

"Huishenghuo (慧生活)" One-stop Community Service Platform*

In order to improve the level of smart services, the Group continues to optimize the "Huishenghuo* (慧生活)" one-stop community service platform, by expanding the modular functionalities to diversify lifestyle services, online customer service, mobile access control, and neighbourhood social networking, including addition of a "Cloud Video" module to the basic service section and a "C&D Property Zhenxuan* (建發物業臻選)" module to the property service section. These additions effectively meet the increasingly diverse smart needs of customers and improve their quality of life and sense of happiness.

Lifestyle services	• All functions including notifications, maintenance requests, complaints, compliments, housekeeping, decoration, real estate agency, and online payment are included, delving deep into every aspect of life to allow property owners to experience intimate property services without leaving their homes.
Online customer service	• Through instant contact with the exclusive housekeeper through app, the housekeeper will follow up and coordinate the whole process until the problem is solved, creating a new experience for customers.
Mobile access control	• The opening function of mobile phone saves the time for entering and exiting with access card, while providing a convenient visitor code function, saving the step of checking the information at the visitor gate and improving efficiency.
Neighbourhood social networking	• We built a platform integrating learning, communication and living services for property owners online and offline, and built a new neighbour relationship with love, sharing and common growth through online and offline interaction and cooperation, which further enhances property owners' happiness and social premiums.

"Huishenghuo (慧生活)" Partial Functions*

"Huishenghuo (慧生活)" mobile app interface*

3. **Committing to Diversified Businesses**

The Group continues to expand and enrich the types of services by optimizing resource allocation and business layout based on core customer needs, thus creating a comprehensive property service ecosystem.

Community Value-Added and Collaborative Services

The Group provides a variety of community value-added and synergy services mainly by ourselves or third-party sub-contractors or service companies, which mainly include home living services, home beauty services, real estate brokerage and asset management services, value-added services for public areas, elderly-care & health value-added services, and smart community services, covering various categories such as living services, space services and asset services.

01

Home living services
Housekeeping and cleaning services, repair and maintenance services and retail services.

02

Home beauty services
Turn-key move-in services, supplemented by one-stop home improvement solutions such as overall design, interior decoration and home appliance installation.

03

Real estate brokerage and asset management services
Services for secondary sales or rental transactions of properties and/or car parking spaces and at-the-close order* (尾盤) sales services for unsold property units of the property developers.

04

Value-added services for public areas
Leasing of common areas and advertising spaces.

05

Elderly-care & health value-added services
The operation of C&D Yibai Elderly Care Centre* (建發溢佰養老中心) provides community elderly care services and institutional elderly care services.

06

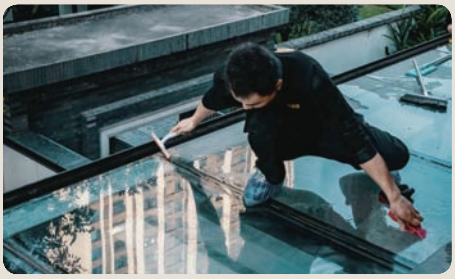
Smart community services
Design and build services for smart property management services, and operate our mobile application "Huishenghuo* (慧生活)".

Case "New Home Sanitation Work — Moving Unpacking" One-Stop Hassle-Free Occupancy Service

During the handover period of a new home, the Group's housekeeper, business department, and supplier team can provide owners with a one-stop hassle-free occupancy service called "New Home Sanitation Work — Moving Unpacking". Specifically, the service team dispatches professional packers to the old residence for categorizing and packing items, while also planning the layout of the new residence's interior space. Meanwhile, the team adjusts the work priorities promptly based on the owner's feedback. Furthermore, after the sanitation service is completed, the packer team seamlessly transitions into the moving unpacking service. They ensure that various furniture and household items are placed in an orderly and aesthetically pleasing manner, improving the living space and enhancing the residential quality. This introduces owners to true experiences in hassle-free moving and turn-key move-in services.

Moving packing

New home sanitation work



Value-added services to non-property owners

The Group strives to provide non-property owners that are also important service targets of the Group with a wide range of comprehensive and detailed services that cover various stages to meet the diverse needs of customers in the community. Specifically, these services include:

- consultancy services to property developers and other non-property owners during the property development and construction stages on aspects such as project design and construction materials from the perspective of property management and operation and requirement of the property owners;

- reception, order maintenance and cleaning services to property developers and other non-property owners at the pre-sales centres.

Commercial Property Operation Management Services
To promote complementary advantages, and transform into an asset-light service provider of "property management + commercial operation", the Group provides commercial property operation management services to owners of various types of commercial properties such as office buildings and shopping malls, details of which include:

- commercial properties during pre-opening stage, such as positioning, planning and design consultancy services, etc.;

- established commercial properties, such as provision of tenant and lease management, operation management and planning and marketing services.

By capitalizing on our professional service capabilities, the Group has received several honours, including the "Annual Outstanding Commercial Real Estate Operator" by the Commercial Real Estate Golden Coordinate, "Top 10 Most Influential Membership Operation Benchmark Enterprises", "Top 100 Shopping Center Enterprises" by the China Chain Store & Franchise Association (CCFA), and "Headquarters Management Award" by the 6th Golden Light Awards, and therefore gained market recognitions. As of 31 December 2023, the Group provided services to 21 business projects and the GFA of the commercial properties under management of the Group was 1.05 million sq.m..

4. Protection of customer rights

The Group strictly abides by the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, the Cyber Security Law of the People's Republic of China, the Advertisement Law of the People's Republic of China and other laws and regulations. Through various measures such as strengthening community security management and control, responding to customer demands in a timely manner, improving information security and privacy protection systems, and complying with integrity marketing principles, the Group strives to protect customers' rights and interests, and continuously improves customer satisfaction.

Safeguarding the safety of owners
The Group regards community safety management as a top priority in its work. The Group has formulated and implemented internal systems such as the Investigation System for Hidden Dangers in Public Areas of C&D Property, the Red and Yellow Card System for Supervision of Safety Bottom Line of C&D Property Group, and the Management Requirements for Construction Operations in Limited Space of Properties. These internal systems set production safety goals for zero safety incidents related to fire, elevators, and personal injuries, and the "Safety Production Month" activities are organized to strengthen safety control. At the same time, relying on intelligent technology, the Group built the "five lines of defence" for intelligent household security system, and continued to improve the community's "nine-emphasis prevention" safety responsibility system to comprehensively ensure the safety of property owners.

First line of defence: entrances, exits and boundaries

Adopting perimeter intrusion alarm and face and license plate recognition system at the gate of the community, with electronic fence as the main part and infrared radiation as the auxiliary part to close and protect the perimeter of the community.

Second line of defence: Public areas community

Installing video security surveillance systems and smart patrol systems to achieve 24-hour, 2-million-pixel high-definition monitoring of the community, ensuring the safety of the community at all times.

Third line of defence: Unit building entrance

Installing access control and intercom systems for single building to achieve facial recognition in entrance hall of the building, ensuring the safety of the building.

Fourth line of defence: Elevator Car

6-core shielded cable was installed from the elevator machine room to the control center to achieve five-party communication.

Fifth line of defence: House alarm

Installing smart door lock systems and indoor alarm systems for each unit, equipped with facial recognition, QR code, access control IC card, mobile phone app remote unlocking, alarm interface, and other functions. The system also has smart home expansion capabilities.

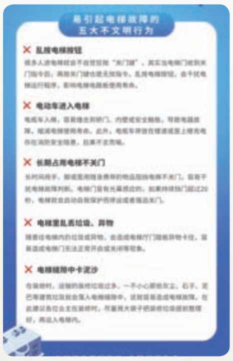
"Five Lines of Defence" of the smart household security system

- Door screening and inspection
- Registration of visitors
- Closed circuit monitoring system
- Access control management system
- Safety issues reminders
- Tracking of suspicious persons
- 24 hour inspection
- Security alarm system
- Safety emergency plan

"Nine emphasis on prevention" safety responsibility system

To ensure the effectiveness and timeliness of safety management, the Group conducts safety hazard inspections, alongside a safety work meeting, on a monthly basis. In particular, the Group focuses on safety hazard inspections over fire safety, elevator safety, swimming pool safety, waterscape safety, fall-prevention facilities (including children's playground facilities) safety, high-rise littering, and other aspects to ensure the safe operation of community infrastructure in an all-round way. At the same time, the Group actively organise safety training and assessment to ensure that the project manager hold the relevant certifications. In addition, the Group carries out on-site safety education to inform employees of the hazardous factors, preventive measures and emergency measures existing at the work sites and positions, and ensure that safety training covers all members and processes of the project, so as to avoid the lack of safety education and effectively protect the safety of property owners. Furthermore, the Group also introduces owners to safety knowledge about high-rise littering and elevator safety so as to strengthen their safety awareness.

Anti-high-rise littering poster

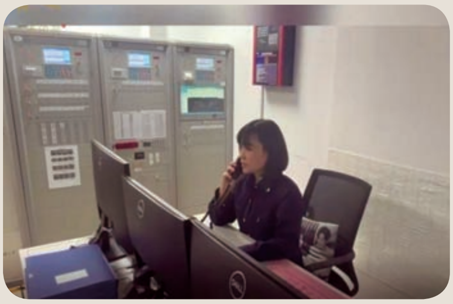


Elevator safety poster

Meanwhile, the Group formulates annual production safety plans, under which, our business division is instructed to enter into production safety target responsibility statement, regular safety management inspections are conducted, and the inspection and rectification results are linked with the performance assessment of project leaders. These has further strengthened the safety management responsibilities at all levels. Furthermore, the Group has formulated thorough and well-established emergency response plans for safety accidents, and has arranged emergency rescue operations for people trapped in elevators, fire drills, flood prevention drills, and other emergency drills. While enhancing the emergency response capabilities of our employees, these plans also raise awareness among owners of risk prevention, ensuring the safety of owners through practical actions. During the Year, the Group conducted a total of 913 fire emergency drills.

Case: Emergency rescue operations for people trapped in elevators

In May 2023, the Group conducted an emergency rescue drill for elevator entrapments at the Shuxiangyincui* Mansion (書香印翠府) project. In the simulated drill scenario where individuals were entrapped in an elevator, the elevator users and maintenance units were fully trained to develop their capabilities of emergency response and responsive action, while owners strengthened their consciousness of dealing with elevator emergencies.



Real-time communications with surveillance operators

Rescue operations by maintenance officers

Customer Complaint Handling and Satisfaction Improvement

The Group orients itself to customer experience and demands, by developing and implementing the "Guidelines for Handling Customer Complaints" to clarify the collection, transmission, processing, analysis, and feedback procedures for customer complaints. Regular analyses are performed over customer complaint handling and owner satisfaction, aiming to improve the timeliness, accuracy, comprehensiveness, effectiveness, and transparency of customer complaint handling.

The Group has established a number of complaint channels, including a 400 national service hotline, C&D Property WeChat account, Diamond Club mini programme and public account for filing maintenance requests and complaints, and front desk cloud call centre for relevant projects. Upon receiving customer complaints, the Group classifies and handles them based on the content, type, and severity of such complaints, so as to appease and stabilize customer emotions briefly, with the issues addressed and resolved promptly.

01 Channel for accepting complaint cases

- Online: complaints are accepted over the 400 hot-line in real time
- Offline: complaints are accepted on site in real time

02 Filing and assigning orders

- Phone call: in real time
- Offline: a complaint case is accepted on site, and an order is filed and assigned within fifteen minutes

03 Response and Handling

- Contact the customer within 30 minutes after receiving the assigned order
- Inform the customer of the follow-up plan or feedback deadline within 1 hour
- Contact the customer every 3 days to update the progress of the handling

04 Follow-up on customer complaints

- After the complaint is resolved, the follow-up should be completed within 2 working days

Customer complaint handling process

To continuously improve customer satisfaction, the Group appoints a third-party professional organization to conduct monthly customer satisfaction surveys, the indicators of which cover security management, parking management, sanitation, greenery maintenance, community culture atmosphere, and on-site maintenance. The survey results are used for performance assessment of project personnel and various operating units. Meanwhile, each business division conducts customer demand analysis and improvement for projects with lower satisfaction, aiming to continuously optimize service quality and customer experience.

Key Performance Indicators

Number of surveys: 12 times

Sample size: 11,140 responses

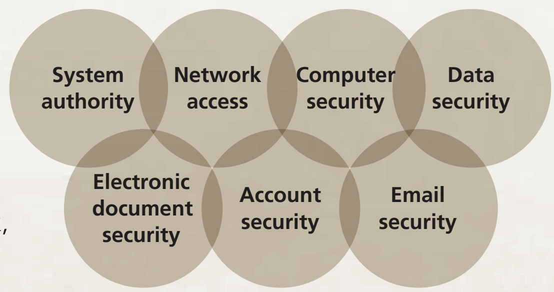
Customer satisfaction: 93 points

Information Security and Privacy Protection

The Group strictly abides by the Cybersecurity Law of the People's Republic of China, the Provisions on Protection of Personal Information of Telecommunication and Internet Users and other laws and regulations, and has formulated and implemented internal regulations such as the Information Management System of C&D Property Service Group Limited and the Employee Information Security Guidance Manual of C&D Property Service Group Limited, which clearly regulates the administrative measures for information security and security responsibilities for employee details, as part of our commitments to safeguarding the information and privacy security pertaining to our customers and in-house operations. As of 31 December 2023, the Group obtained the certification of second-level information security protection registration for its official website, office OA system, estate agent system, smart travel management platform, and after-sales call centre and customer service system.

Administrative Measures for Information Security

- The Information Technology Department ensures the stable operation of any such software, hardware, and network security that is invested in and constructed by the Group. Sufficient security training shall be provided to strengthen employees' security awareness.
- Our persistence in the principle of "licensed software only" will minimize the risk of information leakage caused by the use of licensed software.
- The Information Technology Department conducts quarterly inspections to identify any unauthorized installation of software on computers connected to the internal network, in which case, each regional company is required to submit a self-inspection report.
- Users should properly safeguard their account and password, regularly change their passwords. Sharing their own account with others or using others' accounts is prohibited.
- Sensitive data provided to external parties must undergo de-identification processing.
- The Information Technology Department conducts monthly checks on the integrity of system logs and ensures that the logs can be used properly.



Administration Focused on Information Security in Employees' Conduct

To strengthen the security of information systems and networks, the Group has established a dedicated information system emergency mechanism. Designated personnel are responsible for following up on specific tasks to achieve rapid early warning and timely response. The Group conducts an annual system failure drill, whereby simulating faults in various dimensions such as systems, databases, and networks to enhance our capability to handle unexpected situations. During the Year, the Group participated in the Xiamen Network Protection Action (Network Security Attack and Defence Drill), successfully defending against various network attacks and infiltrations through monitoring, analysis, and response to the attacks.

To protect our customers' privacy, the Group has established a strict customer confidentiality system and a comprehensive customer confidentiality strategy, under which customer information has been stored separately, and strict approval procedures have been followed through in respect of receipt, delivery, and transportation of customer information, as our defence line for our customers' privacy security.

Responsible marketing

The Group strictly abides by the Advertising Law of the People's Republic of China, the Trademark Law of the People's Republic of China and other relevant laws and regulations, and continues to amend internal management systems such as the Brand Management System of C&D Property Service, as our continuing effort to update and refine our brand standard management, publicity and promotion management, our brand reputation management, trademark management, customer relationship management, etc., to provide a unified reference for the Group's external promotion and marketing.

Brand Standard Management	Publicity and Promotion Management	Brand Reputation Management	Trademark Management	Customer Relationship Management
• Brand identity guidelines	• Advertising and promotion guidelines	• Online negative reputation grading standards	• Trademark registration requirements	• Establishing the fundamental "customer-centric" principles
• Standard use of promotional materials	• Video production guidelines	• Administration of press release managers	• Trademark usage requirements	• Customer relationship management
• Brand implementation work	• Media platform guidelines	• Administration of media interview		• Business processing workflow

Content of Brand Management System

At the same time, in order to enhance the Group's brand influence and strengthen integrity promotion and compliance marketing, the Group introduces the Brand Management Baseline Requirements, whereby clarifying the promotional baseline standards that will further lower the risk of marketing violation.

Key takeaways of Brand Management Baseline Requirements
• Violating the application guidelines of the brand identity system that produces output errors is strictly prohibited. • Promoting privilege, blind xenophilia, or displaying vulgar contents that damages the image of state-owned enterprises is strictly prohibited. • Promotions involving various levels of government authorities and the Party, and interpretations of their policies (unless confirmed and endorsed by the government), or exploitation of hot topics, is strictly prohibited. • Advertising that contains ambiguity, typos, misinformation, or misrepresentation is strictly prohibited. • Violating advertising laws or infringement on copyrighted materials is strictly prohibited. • Direct promotions of group-level data without approval from the Group are strictly prohibited. • Displaying non-compliant signage or advertisements along the main route in the park area is strictly prohibited.

Additionally, the Group implements a two-tiered brand inspection mechanism for the Group and business departments, under which monthly routine inspections are conducted on marketing materials, including street posters, videos, signage at the main routes, and promotional materials in respect of our various projects. Positive and negative cases are documented, and supervisory measures are taken to ensure compliance with brand implementation. The Group also arranges special brand training sessions for our operations in new cities, key and challenging projects, and key grassroot positions, effectively enhancing the understanding and application of brand systems and compliance requirements among project personnel.

5. Protection of intellectual property rights

The Group stresses the importance of protecting intellectual property rights by strictly abiding by the Patent Law of the People's Republic of China, the Copyright Law of the People's Republic of China, the Trademark Law of the People's Republic of China and other laws and regulations, regulates the use and management processes of intellectual property rights such as registered trademarks, patents and software copyrights, and effectively protects the Group's intellectual property rights and interest. In addition, the Group avoids the risk of intellectual property infringement by requiring employees to remove all unauthorised software, conducting comprehensive inspection of employees' work computers, and prohibiting employees from using software or materials without copyright or unclear ownership.

As of 31 December 2023, the Group has obtained a total of 59 software copyrights, 7 patents and 12 trademarks. In particular, the Group added 14 software copyrights and 1 patent during the Year.

6. DYNAMIC WORKPLACE BUILT BY EQUALITY AND INCLUSION

The Group regards employees as the invaluable asset for business development, and therefore strictly abides by the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, the Law of the People's Republic of China on Promoting Employment, the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases and other laws and regulations. In addition, the Group formulates and implements internal systems such as the Human Resources System of C&D Property Service Group Co., Ltd., as part of our commitments to providing our employees with equal and fair employment opportunities, healthy and safe workplace, and democratic and harmonious working environment. Meanwhile, the Group continues to improve its human resource management system, with particular attention paid to the development and growth of employees, and strives to build an excellent professional team. Furthermore, the Group closely keeps abreast of the physical and mental health and safety of employees, and actively receives employee feedback by organizing a variety of employee care activities, with a view to achieving mutual promotion and progress between employees and the Group.

1. Building a People-Centric Workplace

The Group places a high emphasis on developing a people-centric workplace, by continuing to optimize the human resource management system, and implement regulations in respect of employee recruitment, resignation, compensation, and fringe benefits, which is aimed at fully safeguarding the legitimate rights and interests of employees. In addition to providing employees with equal development opportunities and competitive compensation and benefits, the Group continues to promote the introduction and retention of outstanding talents.

Employment compliance

The Group has formulated and implemented internal systems such as the Human Resources System of C&D Property Service Group Co., Ltd., the Measures for the Administration of Talent Recommendation and Reward, and the Employee Resignation Management Guidelines, whereby clarifying the requirements, process, and regulations involving the employment procedures, as part of our continuing commitment to strengthening our talent pool development. The Group conducts a talent inventory on an annual basis, and formulates recruitment plans based on business requirements, whereby carrying out multi-channel recruitment through external recruitment, internal competition, internal recommendation, resignation and re-employment, as part of our ongoing efforts to attract outstanding personnel to accommodate the business development requirements of the Group. These actions provide talent guarantee for the rapid development of the Company. At the same time, the Group supports the employment of people with disabilities and facilitates career transitions for veterans, by providing them suitable positions based on our employment requirements.

Case: Campus recruitment

During the Year, the Group launched a campus recruitment campaign themed "the Future Built by Infinite Innovation", offering positions in four major categories: project management, engineering technology, community business operation, and market development. We have employed various channels, including online webinars and offline campus seminars, to conduct recruitment activities. Through these recruitment campaigns, we have deepened students' understanding of the overall situation of the Company through the introduction of corporate culture, job positions for campus recruitment, career development and training models. As a result, we have attracted numerous students who have submitted their resumes, successfully advancing the execution of our annual campus recruitment plan and injecting a substantial influx of fresh talent into our talent pool.

Campus seminars

The Group strictly complies with laws and regulations such as the Special Protection Regulations for Juvenile Workers of the People's Republic of China and the Provisions on the Prohibition of Using Child Labour, to promote fair employment and protect the legitimate rights and interests of employees. The Group ensures that the recruitment process is not affected by factors such as race, nationality, age, gender, political views, marital status, religious belief and social origin, and eliminate any form of discrimination. At the same time, the Group strictly examines the age of employees through identity card in the recruitment process, and strictly prohibit the employment of child labour. If the identity of the candidates is found to be untrue, the age is inconsistent or forced labour is found, the Group will carry out corresponding investigations in a timely manner, implement internal rectification, and hold the personnel in dereliction of duty accountable. The Group also refers to international labour standards and norms to ensure the rights and interests of employees in collective bargaining. During the Year, the Group did not identify any case of child labor or forced labour.

In addition, the Group discourages employees from working overtime, and employees who work overtime are entitled to corresponding compensatory time off or compensation to protect their rights and interests. For employees with resignation needs, the Group has also established a complete resignation approval process and management procedures to standardise the handling of employee salary settlement, labour relations and other matters.

As of 31 December 2023, the total number of employees of the Group was 15,087.

Remuneration and benefits

The Group has formulated and implemented internal systems such as the Human Resources System of C&D Property Service Group Co., Ltd., and determined a fixed portion of employees' salary based on the characteristics of the position and the market level, and distributed bonuses based on the actual performance of employees to ensure that employees' salary matches their capabilities and performance. At the same time, the Group provides comprehensive welfare policies, including statutory benefits, as well as company-owned benefits such as festivals, birthdays, funerals, sickness, maternity, marriage, and retirement pension. In addition, the Group conducts market research on remuneration every year, and adjust the remuneration standards according to the survey results to ensure that we provide employees with competitive remuneration and benefits to enhance their sense of well-being and belonging.

At the same time, the Group actively aligns with the trend of gender equality, and strictly adheres to national regulations regarding leave management for female employees, by specifying that female employees are entitled to maternity check-up leave, maternity leave, and breastfeeding leave. Additionally, paternity leave is available for male employees whose spouses give birth to children, as additional efforts to build a welfare protection system for female employees.

Statutory benefits
• Basic retirement pension insurance, employment injury insurance, unemployment insurance, maternity insurance, basic medical insurance, housing provident fund • national statutory holidays, wedding leave, maternity leave, bereavement leave, annual leave, and other paid leave
Corporate Welfare
• Job subsidies: public transportation allowance, rental subsidies, off-site work allowance, communication allowance, title/certificate subsidies, teaching allowance, part-time subsidies, management trainee allowance, heat stroke/cold prevention subsidies, meal subsidies, festival subsidy, special job allowance (such as nightshift allowance) • Other benefits: group business insurance for employees, corporate annuity, employee health checkup and health management, union group activities

2. Focusing on Employee Growth

The Group places great emphasis on the career development and growth of its talents, by continuing to strengthen employee training and talent echelon construction, while providing diverse career advancement channels and a multi-level training and development system. Our commitments to building a broad platform for employee growth enables employees to unleash their potential and achieve their life goals and values.

Assessment and promotion

In order to improve the performance appraisal and incentive and restraint mechanism, the Group has developed and implemented internal performance management systems such as the Administrative Measures for Performance Appraisal of C&D Property Service Group Limited, and set appraisal indicators and assessment rules for employees at all levels and in different positions, and conducted regular assessment. The results of performance appraisal will be linked to the employee's performance salary or bonus, and serves as a reference for annual appraisal, promotion and internal competition. At the same time, the Group has formulated internal incentive policies such as the "Measures for the Special Reward and Punishment of C&D Property Management for Market Development in 2022" and the "Reward System for Social Business Operation of C&D Property Service Group Limited" to clarify the market expansion reward and business commission reward, encourage the deployment of cross-regional employees that meet business needs and can effectively give full play to employees' initiative, and further improve the employee performance appraisal and promotion system.

During the Year, to broaden the development channels for employees, the Group implemented the "meritocratic system" for assessment and promotion, where internal recruitment is organized for key positions in new delivery projects, and the candidates are uniformly included in the reserve talent pool and receive training. Only those that pass the training assessment can officially take up their posts.

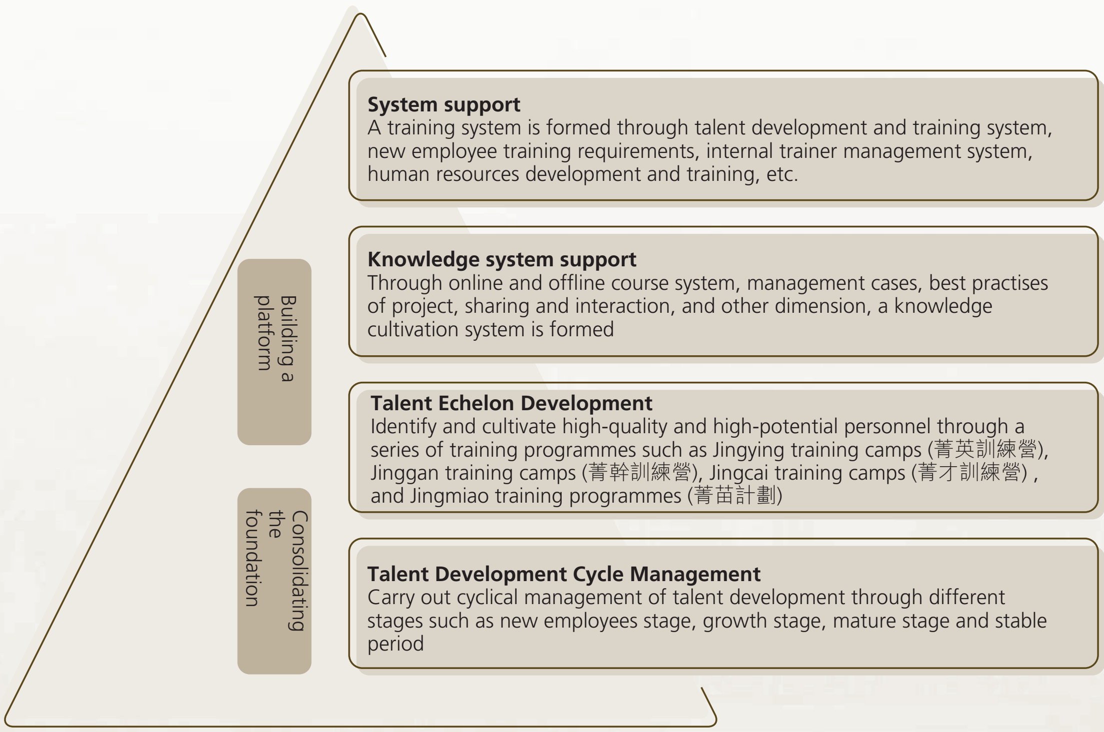
Employee Enrolment	Talent Pool Assessment	Placement from Talent Pool
• Project managers and module leaders with rich project experience and outstanding performance evaluations are eligible to register for participation.	• Project managers are subject to talent assessments, and module leaders are subject to concentrated training. Those who pass are included to the talent reserve pool.	• Reserved talents, after completing training and talent pool assessments, can officially take up key positions in new projects.

"Meritocracy" Talent Selection Process

Employee Training

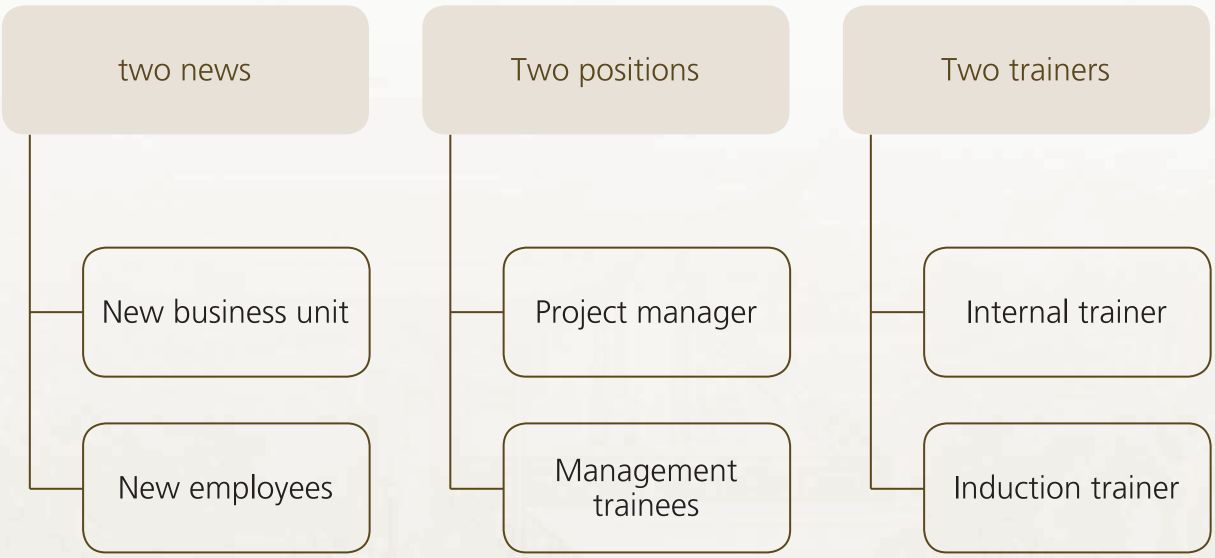
Talent development is a vital force that promotes the long-term development and continuing prosperity of a business. The Group has formulated and implemented internal management systems such as Management Measures for Employee Examination and Approval and Internal Trainer Management System, while continuing to revise Training Management System of C&D Property Service Group Co., Ltd. and Training Operation Manual of C&D Property Service Group Co., Ltd., whereby refining the requirements for administrative work pertaining to textbooks and question banks, lecturers, participants, new induction trainers, and learning platforms, as well as clarifying implementation standards for training work. These management systems provide systemic guarantees for training and development against the backdrop of new business models and new demands.

In terms of the employee training system, the Group has adopted a dual strategy of "building a platform" and "consolidating the foundation", which is driven by specific requirements of platforms, mechanisms, standards, and implementation to build and enrich our training system. In terms of "building a platform", we set up learning channels for employees at all levels through online, offline learning, case studies, practise, sharing and other actions; In terms of "consolidating the foundation", the Group carries out training programmes such as the Jingmiao (菁苗)/Jingcai (菁才)/Jinggan (菁幹)/Jingying (菁英)/Leader Programme to provide potential training targets at all levels for learning, and differentiated training for excellent reserve talents, so as to provide talent guarantee for the rapid development of the Group.



Talents Development System Planning

During the Year, by centring on key needs such as assistive support for new projects, induction training, and business paint points and challenges, the Group focused on training sessions specialized in "two news", "two positions", and "two trainers". Our training sessions focuses on major trainees by enhancing core skills required by the position and sought by the employees, while effectively integrating training contents with business practice. The Group innovatively launched "Delivering Courses to the Frontline" training projects, where experienced and outstanding internal trainers are identified and dispatched to the frontline, explaining corporate culture, business overview, practical takeaways, and exporting advanced experiences in methodology and case practices related to project development. Under the model where "the veterans guide the new hires", new business departments and new city managers receive assistance in quick adaption to their positions.



Case: "Delivering Courses to the Frontline" Training

During the Year, the Group completed the "Delivering Courses to the Frontline" training sessions enrolling a total of 188 participants at four locations, including Ningde, Putian, Guangzhou, and Jinan, and the overall pass rate for the comprehensive exam reached 80%. With our courses specifically tailored to address different pain points across business departments, the Group effectively enhanced new teams' problem-solving capabilities by providing targeted guidance for areas that fail to meet standards.

Explaining Key Business Takeaways to Frontline Staff

Case: Meritocratic System — Jinggan (菁幹) Training

In May 2023, the Group launched the first phase of the "Meritocratic System — Jinggan (菁幹) Training", which focused on specialized courses for new project deliveries, and enrolled 66 participants with the training satisfaction score of 9.97. More standardized and content-rich courses were developed by creating mind maps before training, optimizing the logical order of the courses, coaching teaching techniques, and producing learning manuals, which provided our employees with higher quality training resources, and assisted them in quickly developing project management thinking and enhancing their project execution capabilities.

Meritocratic System — Jinggan (菁幹) Training

Case: Internal Trainer Training and Certification

To advance the development of our internal trainer team, the Group conducted the first annual internal trainer training and certification programme themed as "Passing on the Torch with Dedication and Craftsmanship" from February to March 2023. A total of 46 participants were enrolled, with 42 obtaining the certification, resulting in a 90% pass rate. By imparting the course development skills, personal presentation, and essentials of interactive classroom management, the training programme effectively delivered knowledge and skills to the participants, promoting the accumulation and transfer of knowledge and experience.

Internal Trainer Training

The Group encourages its employees to actively pursue professional knowledge and obtain various certificates and titles related to industry skills, such as national real estate broker qualification, building firefighter certificate, elevator safety management certificate, security personnel certificate, and accounting titles at the junior/intermediate/senior levels, and our employees will be reimbursed for the costs incurred in obtaining these certificates (such as courses, registration, evaluation, teaching materials, and materials). After our employees pass the exams and obtain the certificates, the Group provides a monthly certificate subsidy according to local policies, motivating employees to continuously learn and improve themselves.

"Zhixingli (職行力)" app interface

During the Year, the Group continued to optimize the "Zhixingli (職行力)" online training platform, providing employees with a diverse range of online courses. In terms of content, the Group linked up with C&D Group's training interface to introduce more training courses, enriching learning resources. In terms of functionality, the Group added the capabilities to create training classes and conduct random checks on training through mobile devices, which enhances the efficiency of training implementation and verification, and ensures training effectiveness.

Key Performance Indicators of Offline Training

Training Sessions: 5,754 sessions

Number of Participants: 75,986 participants

Total Training Duration: 6,561 hours

Key Performance Indicators of "Zhixingli (職行力)" platform

Training Sessions: 101 sessions

Number of Participants: 20,787 participants

Total Training Duration: 142,326 hours

3. **Showing workplace kindness and care**

The Group earnestly receives and appreciates the feedback and needs from our employees, and regards employee communication and care as a key part of team building. Our diverse communication channels together with various employee activities constitute as part of our commitments to looking after the well-being of our employees, promoting harmonious coexistence among them, and fostering a harmonious team atmosphere.

Listening to Employees' voices

The Company has consistently been advocating for employee engagement and democratic communications, while striving to create an equal, transparent, and mutually trusted communication environment. We have established diverse channels for communication with employees, including but not limited to communication meetings, trainings, exchanges and learning, complaints and suggestions, satisfaction/loyalty surveys, online communication platforms, which are aimed at addressing employee issues.

A Better Community Interface

The Group carries out the management-employee communication mechanism, in which targeted communication management measures are adopted in due course according to different stages of employees upon induction, including induction interview, transfer interview, resignation interview, performance feedback interview, evaluation and other work interviews, and records employees' thoughts and opinions through the Employee Interview Record Form, and makes corresponding improvement measures in a timely manner to meet the reasonable needs of employees. At the same time, the labour union of the Group regularly carries out communication activities with employees, including employee birthday party, cadre team building, seminar for veterans and new hires, to fully listen to their voices.

At the same time, the Group has opened a corporate WeChat account- the "Listening to the Voice of Building" column, and publicise the mailbox or contact methods of the complaint or suggestion recipient in each department to ensure smooth communication channels, so as to ensure that employees' appeals and suggestions can be directly conveyed to the receiver and effectively solved. Regarding employee complaints, the Group will provide feedback to the employee within 3 working days of acceptance. For adopted reasonable suggestions, the Group will award the contributor based on the actual situation and impact.

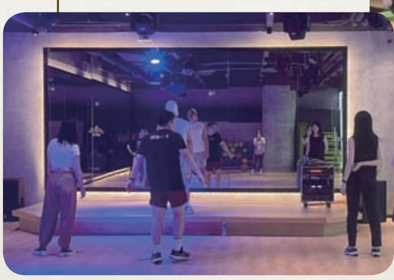
During the Year, The Group conducted employee satisfaction surveys through the anonymous online questionnaire method each year, which covers all employees across the Group. Each business unit may on its own conduct special surveys based on actual conditions. During the Year, and, the overall employee satisfaction remained at a higher rate of 4.7 points (out of a total of 5).

Work-Life Balance

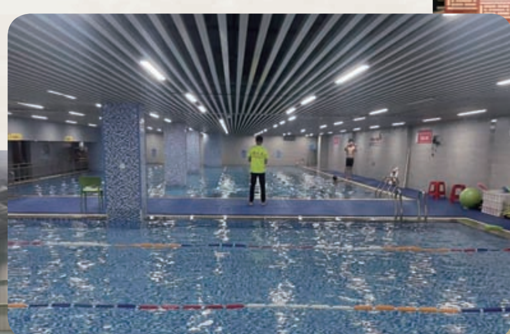
The Group advocates for the practice of work-life balance among employees, and supports employees in establishing various hobby clubs, where diverse and rich cultural and sports entertainment activities can actively be organized, so that our employees can relax and enjoy a colourful life outside of work.

Measures to support the work-life balance	**Sports and Recreational Activities** Basketball, badminton, swimming, fitness activities, flower arrangement, outdoor team-building, etc.
	Cultural Competitions Singing competitions, recitation competitions, etc.
	Lifestyle Benefits Movie tickets, birthday cake vouchers, etc.

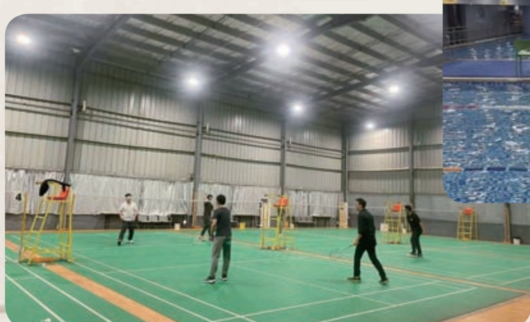
Fitness Activities



Recitation Competition



Swimming Activities



Badminton Activities

Basketball Activities

Case "Home • Aspired Living" Themed Team Event

In December 2023, the Group's labour union organized the "Home • Aspired Living" themed team event, which featured various enjoyable activities such as outdoor team-building, a gourmet feast, and group games, allowing employees to indulge in warmth and joy amidst their busy work lives.

Themed Team Event

Case "Infinite Vitality Driven by Heritage" Recitation Competition

In November 2023, the Group held the 2023 C&D Property Recitation Competition, providing employees with a platform to showcase their talents and unwind through leisure activities. During the competition, participants confidently recited classic literary works on stage, enhancing their cultural literacy and language proficiency. Simultaneously, they offered the audience an immersive cultural experience, allowing everyone to cultivate their sentiments and appreciate the charm of words amidst their busy work lives.


Recitation Competition

4. Safeguarding Health and Safety

The Group has always made it a priority to ensure the health and safety of employees, strictly complied with the Safety Production Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Occupational Diseases and other laws and regulations, and formulated and implemented internal systems such as the Operation Manual for Property Safety Management and the Management Requirements for Construction Operations in Limited Space of Properties to clarify the safety management responsibilities of each department and the operation requirements of construction personnel, and strictly prevent safety accidents through strict supervision and inspection. At the same time, the Group actively enhances employees' self-protection awareness and emergency response capabilities in dealing with unforeseen or dangerous events by carrying out safety training and drills and equipping them with safety protection equipment. It is committed to achieving the safety goals of zero fire incidents, elevator accidents, and personal injuries safety liability incidents by implementing these measures.

Safety operation standards

- We have formulated standard guidance documents in respect of safety for working at height, safe electricity operation, safety management of outsourced projects, fire safety, etc., and set up eye-catching warning signs in corresponding places to enhance employees' safety awareness.

Special safety inspection

- Property business division regularly carries out self-inspection on safety production, and to rectify hidden safety hazards once identified. The Group' s headquarters conduct random checks on key projects under management.

Safety training and drills

- We regularly carry out safety production training, skill competitions, fire and typhoon and flood prevention emergency drills to continuously improve employees' ability to deal with emergencies or dangerous events.

Safety protection equipment

- Distributing working clothes, working shoes, safety helmets and other protective equipment to employees in special positions to ensure their occupational safety;
- Provide employees with manuals on the use of safety and protective equipment and conduct related training.

Manual for the Use of Engineering Safety Protective Equipment

Training materials for the use of pressure relief valve

Case: Fire Training and Drills

In June 2023, the C&D Center Manor Service Center (建發央譽服務中心) of the Group organized fire training and drills with full participation of all employees. Prior to the drill, the safety officer conducted training for employees on emergency drill procedures, identification and preventive measures for hazardous factors, and regulated use of firefighting equipment. During the drill, all employees successfully evacuated in a rapid and orderly way and extinguished various sources of fire by correctly using various firefighting facilities. The drill familiarized employees with the use of firefighting equipment and emergency procedures, effectively enhancing their ability to respond swiftly to fire incidents and handle emergencies.

Pre-drill training

Extinguish the fire with fire hose

At the same time, the Group cares about the physical and mental well-being of its employees by regularly arranging health check-ups, purchasing commercial insurance and organizing mental health seminars for them. In addition, the Group prepares summer cooling beverages in the pantry for office staff, provides frontline workers with care such as sympathy for heat preservation, and opens staff canteen to provide nutritious meals, thereby enhancing employees' sense of well-being and belonging.

01

Health screening and insurance

- We arrange regular health check-ups for our employees every year to record their health conditions;
- We have commercial insurance for our employees to proactively protect them against accidental risks.

02

Sympathy for heat preservation

- We regularly visit the front-line employees who work under high temperature and send them comforting products to prevent heatstroke;
- We promote the knowledge of heat stroke prevention and first aid to our employees to improve their self-protection ability.

03

Nutritious meals

- We open a canteen and prepare nutritionally balanced, diverse, fresh, and delicious healthy meals for our employees, ensuring their occupational health through dietary regulation.

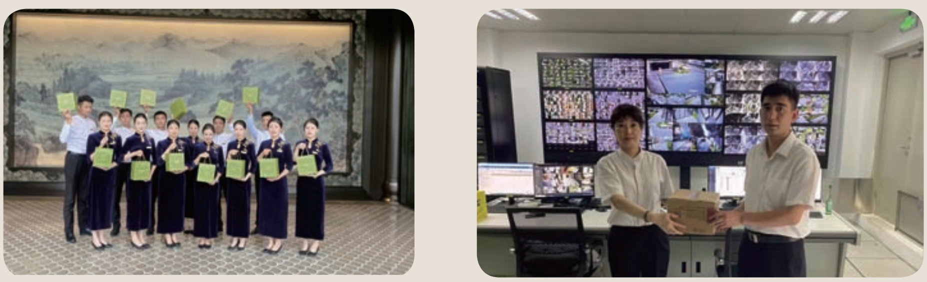
Case: Mental health seminar

In November 2023, Xiamen Business Department of the Group organized a mental health seminar, inviting a guest lecturer from Xiamen University to teach the course called the Principles and Techniques of Deep Communication Psychology. The seminar employed methods such as psychological drawing games, theoretical lectures on psychology, and practical applications to help employees learn self-psychological catharsis, regulate the pressures of work and life, and maintain a healthy psychological state and a joyful mindset.

Psychological health lecture training

Case: Caring activities related to heatstroke prevention

To ensure the health and safety of its employees, the Group conducted the caring activities related to heatstroke prevention during summer in 2023. Cooling gift packages containing items such as chrysanthemum tea conducive to heatstroke prevention, were distributed to frontline employees, reflecting the care of the Group towards the employees during the scorching summer. It effectively enhanced their sense of well-being and satisfaction. During the Year, a total of 11,475 employees from 25 business divisions received these cooling gift packages from the Group.



Sending cooling gift packages to employees

7. COLLABORATIVE IMPROVEMENT TO ADVOCATE HONEST OPERATION

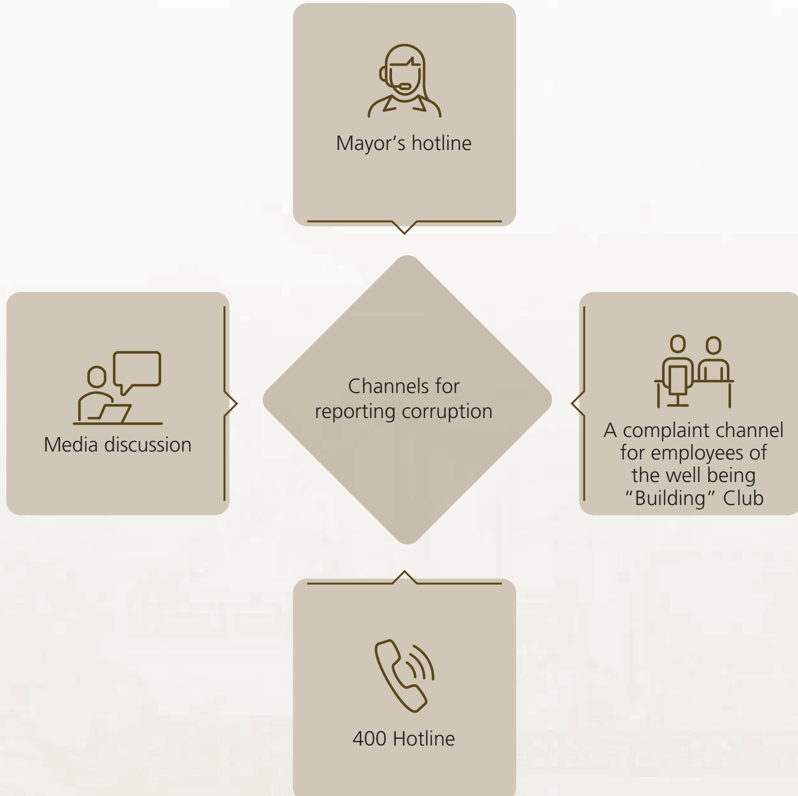
The Group has always adhered to the bottom line of integrity by actively promoting the construction of a culture of integrity, upholding integrity and righteousness, and being committed to creating a fair and transparent business environment. At the same time, the Group firmly advocates for honest cooperation, constantly strengthens supplier management and communication, and strives to establish a win-win relationship with suppliers that are mutually trusting and mutually beneficial, collaborating with suppliers for shared growth.

1. Construction of Integrity Culture

The Group attaches great importance to the construction of a culture of integrity, strictly complies with the Anti-Money Laundering Law of the People's Republic of China, the Anti-unfair Competition Law of the People's Republic of China and other laws and regulations, formulates and implements internal management systems such as the Integrity and Self-discipline Manual, and makes clear provisions for the protection of the Company's interests, employees' prohibited behaviours, financial funds, information management, human resources and administration, and incorporates anti-fraud and anti-corruption related provisions in the Induction Commitment Letter to further standardise employees' integrity behaviours.

In our daily operation, the Group strengthens integrity and self-discipline education through activities such as holding lectures on integrity and self-discipline, arranging video-watching on integrity and self-discipline, and conducting special courses on integrity and self-discipline for new recruits, so as to continuously enhance the alertness of the Company's directors and employees on occupational red lines such as corruption, money laundering, bribery and fraud. In addition, the Group issues the "Disciplinary Requirements Notice" before important holidays to remind all employees to abide by the bottom line of integrity and create an honest and trustworthy business environment.

In terms of complaints and reporting, the Group has opened a variety of reporting channels for corruption. After receiving relevant reports, the Group will immediately arrange personnel to verify the reported matters. If there is any actual corruption issue, relevant punishment will be made according to the actual circumstances. Serious case will be transferred to the judicial authority. After verification, the whistle-blower will be reported through the whistle-blowing channel, while anonymous complaints will be reported to the relevant department. During the Year, there were no concluded legal cases regarding corrupt practises brought against the Group or its employees.



The Group conducted anti-corruption training in various forms, including face-to- face lectures, online self-learning and video demonstrations, to educate directors and all staff at all levels of the Group on integrity and self-discipline, covering the provisions of the Group's integrity and self-discipline manual, certain provisions on the integrity of leading personnel of state-owned enterprises and common job-related crimes in state-owned enterprises, in order to strengthen the anti-corruption awareness of all staff. During the Year, the Group had conducted a total of 34 sessions of anti-corruption training with a total of 12,031 participants, a total of 40,715 training hours and exam success rate of 100%.

Case: Special education on integrity and self-discipline for new employees

In August and September 2023, the Group organised a special training programme on integrity and self-discipline for new employees, with a total of 39 participants. During the training, we extensively analysed the norms and standards of conduct within the workplace focusing on two core themes of "disciplinary requirements" and "workstyle", ensuring that the education on integrity is promoted to our frontline, and providing new employees with a solid foundation in integrity practices, so as to collectively fostered an honest and trustworthy work environment.

Integrity and self-discipline training

2. **Supply Chain Management**

The Group has strictly complied with the requirements of the Tender Law of the People's Republic of China and other laws and regulations, constantly optimized the full-process management of supplier access, evaluation, and elimination, strengthened control over environmental and social risks of supplier, and focused on the management of supplier integrity. It is committed to building a sustainable supply chain. At the same time, the Group actively maintain stable and close communication with suppliers, and strives to establish stable and long-term cooperative relationships with them, aiming to achieve win-win results and shared prosperity.

Supplier Management Process

The Group has formulated and implemented internal systems, such as the Manual of Supplier Management (供方管理手冊), Manual of Tender Procurement Management (招標採購管理手冊), Manual of Procurement Contract Management (採購合同管理手冊) and Manual of Non-Tender Procurement Management (非招標採購管理手冊). The Group has continued to improve a mechanism for supplier access, evaluation and elimination, ensuring regulated and standardized supplier management practices. During the Year, the Group implemented the following supplier management processes for all cooperating suppliers.

Supplier sourcing	• Collect information from potential suppliers through channels such as source search, market search, internal and external recommendations, and the media.
Supplier inspections	• Establish an inspection team to review supplier information, such as the supplier's operating license, production permit, honorary certificate, technical authentication documents, proof of qualification level, and other information. • On-site visits to suppliers' office premises, factories or storage centres and understand the service level, product quality, logistics supply and industry reputation of suppliers simultaneously.
Supplier ratings	• After completing the inspection, the inspection team will score and evaluate the content of the inspection and fill out the "Supplier Inspection and Evaluation Form" to recommend qualified suppliers to enter the Group's supplier pool.
Supplier inventory review	• Based on the assessment, the inspection team will initiate an application for online suppliers to be included in the inventory, and after approval at all levels, the supplier information and prices will be included in the inventory.
Supplier performance evaluation	• The suppliers will be graded according to their evaluation scores. • Suppliers are divided into five levels: for the first two-level suppliers, priority is given to cooperation under the same conditions; for the two intermediate level suppliers, we assist them to develop into preferred suppliers through interviews and suggestions; evaluation and tracking are conducted for the fifth-level suppliers. In addition, suppliers who fail the evaluation will be blacklisted and will not be allowed to participate in any tender procurement activities of the Group within two years from the date of public announcement.

Whole process of supplier management

Supplier environmental and social risk management

The Group attaches high importance to the management of supplier's environmental and social risks, sets a number of environmental and social related indicators in supplier access inspection and evaluation, guiding suppliers to constantly enhance their capabilities for ESG responsibility performance, with the aim to promote the sustainable development in the supply chain..

Priority is given to suppliers who have obtained environmental management system certification, quality management system certification and occupational health and safety management system certification

Priority is given to suppliers who contribute to social insurance and purchase commercial medical insurance

Addition of new green products and green craftsmanship as extra scoring items for suppliers

Increase the age assessment of personnel as a necessary item to ensure that the age of supplier personnel does not exceed the contractual age

Meanwhile, the Group actively implements green procurement, and gives preference for environmental-friendly and low-carbon products in the procurement process. For example, it requires the use of electric cleaning equipment and green machinery, and the purchase of EO environmental-grade panels, to strengthen resource recycling , with the aim to promote the Group to move towards green procurement.

Promote transparent procurement

The Group formulates and implements the Manual of Procurement Planning Management, adheres to the principles of centralised procurement, transparency and fairness, competition, selection of the best, confidentiality, traceability and other procurement management principles, strictly regulates the bidding and procurement process, eliminates underhand operations, and promotes transparent procurement.

The Group stipulates that procurement personnel in key positions are required to sign the Integrity Undertaking to achieve openness, fairness, impartiality and honesty as well as to prohibit the abuse of power and seeking of benefits by improper means. In case of violation, penalties such as warning, criticism, dismissal and demotion, and termination of labour contracts will be imposed according to actual circumstances, to ensure the transparency of the procurement process. At the same time, the Group implements strict supplier integrity management, sets up a supervisory hotline in the tender documents, requires suppliers to sign the Integrity Cooperation Agreement and the Integrity and Law-abiding Undertaking, and strictly supervises the behaviours of suppliers to eliminate any form of bribery and corruption. In the event of non-compliance by suppliers, the Group will take measures such as claiming liquidated damages and termination of contracts in order to establish a responsible supply chain. In addition, during the Year, the Group conducted a regulatory self-assessment on procurement, and clarified inspection criteria to further ensure the legality and compliance of the procurement process, actively practicing responsible procurement.

Communication and exchange with suppliers
The Group actively carries out training, meetings and other activities related to suppliers, strengthens communication and exchanges with suppliers, and continuously improves the supplier communication mechanism to enhance the trust and cooperation of both parties, and gradually establishes a mature and stable strategic cooperation relationship.

8. LOW-CARBON ENVIRONMENTAL PROTECTION, SAFEGUARDING THE GREEN WATERS AND MOUNTAINS

The Group integrates the concept of environmental protection into our business operations, strictly complied with the laws and regulations, such as the Environmental Protection Law of the People's Republic of China, the Air Pollution Prevention and Control Law of the People's Republic of China and the Water Pollution Prevention and Control Law of the People's Republic of China, and actively optimize energy-saving, water-saving, and waste reduction management systems. Meanwhile, the Group continues to strengthen the construction of green communities and promotes green office practices. Through measures such as water and energy conservation, and waste sorting, we aim to reduce the potential impact of our business operations on the environment. In addition, the Group proactively responds to climate change, further enhances our climate risk resilience, and advocates employees to participate in green and carbon reduction actions to help the construction of an ecological civilization. The Group is a service-oriented operating enterprise without engaging in production-type activities that involve heavy pollution and high emissions, and had no significant impact on the environment and natural resources.

1. Environmental Management Targets

In order to strengthen the tracking and control of environmental management benefits, the Group has set four major development targets for emissions management, waste management, energy management and water resources management. The Group has also proactively implemented a number of action plans for energy conservation, emission reduction, waste reduction and water conservation, so as to facilitate the achievement of our goals and fulfil our corporate responsibility for environmental protection.

Target	Measures
Emissions reduction targets	• Reduce unnecessary energy use and implement energy saving technologies to contribute to limiting the global temperature increase to 1.5°C by the end of the century
Waste reduction targets	• Promote the separation of office waste, strengthen the recycling of office materials, and reduce waste • Sort and recycle solid waste from office areas and legalize hazardous waste disposal
Energy-saving targets	• Continue to deepen the statistical analysis of energy consumption and explore the direction of quantitative targets for energy saving and emission reduction • Develop low-energy office equipment and daily appliances to reduce office power consumption
Water-saving targets	• Actively promote awareness of water conservation and iterative replacement of water-saving appliances to reduce water wastage

2. Green Property

The Group advocates for green property practices and has formulated and implemented internal energy consumption management systems such as the Letter from the Engineering Technology [2020] No. 2 Energy Saving Control Standard for Public Areas (工程技術[2020]2號公區節能管控標準) and the Engineering Technology [2020] No. 9 Administrative Measures on Water and Electricity Consumption of C&D Property Service Group Limited (工程技術[2020]9號建發物業服務集團有限公司水電能耗管理辦法), which clearly stipulates the water and electricity requirements of each public area, and continuously improves the efficiency of resource and energy use, so as to gradually advance the construction of green community. The Group's water sources mainly come from the municipal pipeline, and some projects use water from nearby rivers for greening and irrigation, so it did not encounter any problem in obtaining appropriate water source.

During the Year, the Group continues to require all regional projects to strictly implement the Energy Saving Control Standard for Public Areas and Guidelines for Energy Saving and Consumption Reduction Management and designate certain projects to vigorously implement environmental protection measures such as electricity conservation, water conservation and waste classification, so as to reduce the potential impact of the Group's operations on the environment and natural resources. During the Year, the energy saving and environmental protection measures adopted by the Group include but not limited to the following:

Electricity saving

- Replace basement lighting fixtures and with dual-brightness radar sensing fixtures to achieve high brightness lighting when there are people or vehicles present and low brightness lighting when there is no activity, achieving efficient energy savings;
- Implement technical transformation such as temperature control of air conditioners in equipment rooms to achieve energy savings.

Water Conservation

- Change manual irrigation methods to automated sprinkler systems to reduce water wastage caused by human error and achieve uniform watering;
- Utilize high-efficiency secondary water purification equipment to reduce wastewater discharge;
- By adjusting the frequency of water replacement in the landscape water system and using the replaced water for greening irrigation in surrounding area;
- Optimise and replace cleaning water taps and increase eye-catching water saving reminders.

Waste sorting

- Actively promote the installation of waste sorting devices in projects under management, with a coverage rate of approximately 100% as of 31 December 2023.

Case: Greenery Automatic Sprinkler Renovation

In 2023, the Group carried out a greenery automatic sprinkler renovation in Phase 1 project of the Longyue Bay* (瓏玥灣), aiming to replace the previous manual irrigation method so as to achieve water conservation and labor savings. The automatic sprinkler system allows for scheduled watering, irrigation by specific zones, or automatic activation based on environmental factors such as weather conditions. This system ensures efficient water conservation while meeting the irrigation needs of the greenery.

Automatic Sprinkler System

Case: Renovation of energy-saving lighting fixtures in the basement

In 2023, the Group replaced the conventional LED lighting fixtures in the basement with dual-brightness radar-sensing LED fixtures. These fixtures automatically adjust their brightness based on the presence of people or vehicles, providing low-intensity illumination when unoccupied. Additionally, these fixtures incorporate Internet of Things (IoT) capabilities, enabling effective management and control based on different traffic conditions and specific areas. This solution not only meets the brightness needs of the property owners but also achieves significant energy-saving effects.

Dual-brightness radar-sensing LED fixtures

Case: Popularisation campaign of waste sorting

In September 2023, the Group actively launched the "Sorting Waste as Much as Possible" (應分盡分) promotion campaign in the community of Banshanyujing* (半山御景) project. The campaign conducted educational activities with focus on the types of waste, the benefits of waste sorting and sorting techniques to enhance the environmental awareness of the property owners in the community and improve the participation and accuracy of waste sorting within the community, so as to build a better home together.

Popularisation campaign of waste sorting

3. Green Office

The Group places great emphasis on reducing consumption and enhancing efficiency, and actively advocate for employees to implement green operational measures such as electricity saving and water conservation practices in their work, committed to creating a low-carbon and environmentally friendly green office environment. During the Year, the Group continued to promote green office mainly through the following initiatives:

	Promoting paperless office practices to reduce paper and ink wastage while improving work efficiency
	Encouraging all employees to develop water-saving awareness, cultivate water-saving habits, and take care of water-consuming appliances, as well as encourage minimizing water usage and shortening the duration of water usage, striving to eliminate the serious waste of water caused by unnecessary running or leakage
	Shortening the automatic lighting duration of various light belts in public office areas; strictly stipulate the temperature setting and time of air conditioners in the office area; optimise the temperature and humidity sensors of air conditioners, optimise the time and temperature of automatic switches of end fan coil units or air conditioners; and post power-saving signs at the switches of air conditioners to enhance employees' awareness of energy conservation
	Reducing the use of battery and prioritizing the utilization of rechargeable resources and equipment more frequently
	Setting up secondary paper recycling bins in each printing area, promoting double-sided printing, and encouraging the use of recycled paper; conducting regular floor patrols to promptly identify and adjust the usage of reusable office supplies, thereby increasing recycling rates

4. Addressing Climate Change

The Group deeply recognizes the impact of climate change on the global environment and economic development, and has actively taken multiple measures to address and adapt to climate change. The Group's ESG working group is responsible for formulating and reviewing policies related to climate change, supervising the management of climate change risks in the Group's operations, so as to mitigate the impact of climate change and continuously strengthen the Group's ability to resist climate change.

The Group regularly reviews the climate change risks faced by business operations, and identifies and evaluates climate change issues that may have a significant impact on the Group from the two major dimensions of physical risks and transition risks. Among them, the physical risks including extreme weather such as heavy rainfall, typhoons, floods, high temperatures and extreme cold may impact the normal operations of the Group and result in a decrease in revenue. At the same time, transition risks such as green property technology enhancement, tightened environmental policies and stricter carbon emission control may lead to the rise of the Group's operating costs.

In addition, the Group is well aware that under the national "3060 Carbon emissions peak and carbon neutrality (3060碳達峰、碳中和)", the whole society will actively transform and upgrade towards a green, low-carbon and zero-carbon pathway. The Group will also actively take a number of measures to minimise the negative impact of climate change risks and seize the opportunities arising therefrom.

To effectively address climate change-related risks, the Group has taken measures including but not limited to:

- formulating and implementing the "Emergency Measures for Typhoon and Flood Prevention", which clarifies the prevention and response methods for extreme weather such as typhoons/heavy rainfall to improve the Group's risk resistance capacity;

- pushing the work order of Special Inspection on Typhoon and Flood Prevention for extreme weather, and requires the business department and relevant officers of the projects to conduct special inspections before the occurrence of extreme weather;

- carrying out trainings and drills related to typhoon and flood prevention to guide employees to master correct and efficient way for flood prevention;

- In response to heavy rainfall, requiring each project to conduct inspections and cleaning of rooftop drainage outlets, reinforce hazardous trees in the park area, and inspect and address the safety distance of equipment and power lines.

Case: Proactive response to super typhoon Doksuri

In July 2023, one week prior to the arrival of the super typhoon "Doksuri" in Quanzhou, the Group issued a typhoon emergency warning to the relevant business departments. We organised the business department and projects to conduct specialised inspections and prepare necessary supplies in accordance with the "Emergency Measures for Typhoon and Flood Prevention" of the Group. Through rigorous typhoon prevention measures, the Group effectively minimised incidents such as basement flooding and tree collapses within its projects under management.

Early deployment of typhoon prevention work

Case: Proactive response to super typhoon Saola

In September 2023, in response to the super typhoon "Saola", the Group promptly established an emergency response team for typhoon and flood prevention, to conduct multi-channel safety promotion, prepare emergency supplies, reinforce trees and relocate items susceptible to strong winds. During the typhoon's landing, we implemented patrols every two hours, promptly addressing any project-related abnormalities, and fulfilling our role as vigilant "safety officers" during the typhoon. Once the typhoon had passed, our project staff swiftly restored normalcy by straightening trees, pruning branches, clearing roadblocks and cleaning up mud and debris, initiating the "recovery process" within the community in an orderly manner.

Tree reinforcement

Safety patrols

9. GIVING BACK TO SOCIETY TO CREATE A BETTER FUTURE

The Group always bears in mind its corporate social responsibility, embodying the enterprise spirit of "taking from society, giving back to society" by returning to society through practical actions. The Group is actively engaged in charity, striving to create colorful and harmonious communities while constantly delivering positive values to society.

1. Proactive Contribution To Charity

The Group actively focuses on social welfare initiatives and is fully engaged in social development, striving to depict a picture of a beautiful and civilized city. It makes every effort to provide suggestions for rural revitalization, and contributes to the harmonious development of society through charitable donations facilitating children's education.

Joint efforts to build a civilized city

In response to the government's call, the Group is actively engaged in the forefront of national civilized city construction. Leading by example and using actions as a medium, the Group influences and drives more people to pay attention to and participate in the construction of civilized cities, thereby endowing the city with the values of a good living environment.

Case: Building a civilized city to jointly create a better city

The party members of the Group set a good example to drive a large number of residents and volunteers of the Group to participate in the creation of a civilized city. Through volunteer activities such as practicing civilized behavior, street cleaning, and improving fire safety in corridor, they improve the urban environment and raise residents' quality of life and safety awareness, contributing to the creation of a civilized and harmonious urban atmosphere.

Street cleaning by volunteers

Case: Traffic supervision to maintain urban order

In March 2023, the Group organized its party members to conduct a voluntary activity on traffic supervision at the surrounding intersections of the C&D International Building. They assisted in maintaining traffic order, guiding vehicles to park in an orderly manner, and discouraging uncivilized behaviors such as pedestrians and non-motorized vehicles crossing the road at will and running a red light, with the aim to safeguard the city's civilized appearance.

Traffic supervision

Contributing to rural revitalization

In support of the sustainable development of rural areas, the Group makes full use of its own industrial strengths to engage in close and deep cooperation with local governments and villagers, explore the resources of rural industries and tourism, and promote the transformation and upgrading of rural economies. Meanwhile, the Group actively participates in tree-planting activities in rural areas to make them more beautiful and livable.

Case: Deepening assistance to facilitate the development of Yunyang Village (雲洋村)

In July 2023, the Group conducted the party day event with the theme of "leading and deepening assistance through Party building, collaboration between schools and enterprises to facilitate rural revitalization (黨建引領深化幫扶，校企合助鄉村振興)" in Yunyang Village (雲洋村), Tong'an District, Xiamen City. During the event, the party members listened to progress reports on the "rural revitalization" of Yunyang Village (雲洋村) and conducted exchanges thereon. They also inspected handmade noodle workshops, farmhouses, and other distinctive rural revitalization projects in Yunyang Village (雲洋村), with the aim to jointly devise strategies for the development of rural cultural and tourism economies in Yunyang Village (雲洋村), contributing to the construction of a ecologically livable and beautiful countryside with prosperous industries.

Inspection of distinctive rural revitalization projects in Yunyang Village (雲洋村)

Case: Planting trees with a refreshing breeze to jointly build a green countryside

In November 2023, the Group organized its party members to visit Baijiaoci Village (白交祠村) in Tong'an District, Xiamen City for the "Tree Planting Activity with a Refreshing Breeze (清風植樹活動)". It called on party members to participate in beautifying the living environment and jointly building green practices in ecological villages, and encouraged more people to pay attention to greening and environmental issues, contributing our own efforts to improve the ecological environment in rural areas.

Party members jointly engaging in tree planting

Nurturing the growth of aspiring youth in pursuit of their dreams

The Group has a strong commitment to the education sector and deeply understands the profound impact it has on individuals and society. Through comfort and donation events, it actively provides better educational opportunities for students from disadvantaged families, helping them realize their dreams.

Case: Empowering dreams, supporting and comforting students through sponsorship

In August 2023, the Group conducted sponsorship and comforting activity for college students with the theme of "Empowering Dreams (讓夢前行)" in Wucun Street, Siming District, Xiamen City, providing books and financial support to two academically excellent college students in financial difficulties, encouraging them to stay confident and work hard in their studies. Representatives from the Group also engaged in in-depth conversations with the two students, providing material assistance to them in addition to bringing warmth and hope to them.

Comforting activity

Case: Caring for life with a collective outpouring of love from ten thousand individuals

In September 2023, the Group organized the charity donation event with the theme of "a Collective Outpouring of Love from Ten Thousand Individuals (萬人獻愛心)", mobilizing a total of 5,047 individuals to make donations totaling RMB181,957. With the aim of "Caring for Life and Supporting Each Other (關愛生命•守望相助)", the event focused on disaster relief, poverty alleviation, and providing aid for the disadvantaged. The funds raised therefrom were donated to a charitable organization to establish "C&D Love Library (建發愛心圖書室)" for Hope Primary School (希望小學) in impoverished regions, actively providing valuable learning resources to children in impoverished regions.

2. **Building a Harmonious Community**

The Group actively creates a colorful community by putting cultural deposits and humanistic care into the community through a diverse range of cultural activities. During the Reporting Period, the Group orchestrated creative events such as the Chinese Style Youth Programme (國風少年計劃) and the Twenty-Four Solar Terms (二十四節氣), igniting people's interest in Chinese culture. Meanwhile, various themed activities effectively enhance friendship and interaction among neighbors, promoting the community as a warm and harmonious extended family.

Case: Enlightenment through museums to nurture Chinese style youth

The Chinese Style Youth Programme (國風少年計劃) is a brand IP activity created by the Group for young property owners. During the Year, with the theme of "Enlightenment through Museums (博物致知)", seven major museum study routes were carefully selected at the 4th Chinese Style Youth Programme (第四屆國風少年計劃), offering captivating explanations and a wide range of colorful traditional Chinese cultural experience activities. These activities enabled the Chinese style youth to intimately experience humanities history, immerse themselves in Chinese traditional culture through playful activities, acquire new immersive experiences in national-style cultural studies, and foster cultural confidence and a sense of national pride.

On-site experience of intangible cultural heritage gold lacquer restoration activities

On-site scene of elegant archery and pot-throwing activity

Case: Enriching culture to empower life rituals

During the Year, the Group introduced the distinctive community activities based on the twenty-four solar terms. With new Chinese-style spaces as the carrier, these activities were conducted by offering abundant explanations of the solar terms, seasonal cuisine, and community events, allowing property owners to immerse themselves in the charm of each season, creating a warm and vigorous cultural lifestyle landscape, and fostering closer relationships among property owners. In 2023, a total of 7 nationwide interactive events themed the solar terms were organized, significantly deepening the understanding of property owners for traditional solar terms and providing them with a profound experience of the Group's profound humanistic care.

On-site scene

APPENDIX 1: HONOURS OF THE GROUP IN 2023

Honorary Certificate in 2023

No.	Name of Honours and Awards	Awarding Entity
1	2023 TOP10 Leading Listed Property Management Companies in the PRC in terms of Development Potential	Shanghai CRIC Information Technology Co., Ltd.* (上海克而瑞信息技術有限公司) CRIC Property Management (克而瑞物管)
2	2023 TOP10 Leading Listed Property Management Companies in the PRC in terms of High-Quality Development	Shanghai CRIC Information Technology Co., Ltd.* (上海克而瑞信息技術有限公司) CRIC Property Management (克而瑞物管)
3	2023 Excellent Enterprise in IFM Services in the PRC	Beijing China Index Academy (北京中指信息技術研究院)
4	7th in the 2023 Top 10 Listed State-Owned Property Management Companies in the PRC	China Academy of Engineering Physics Think Tank (中物研究院中物智庫)
5	2023 Leading Enterprise in Administrative Office Property Services in China	CRIC Property Management of China Property Research Institute (中物研協克而瑞物管)
6	2023 Top 3 Listed Property Management Companies in the PRC in terms of Growth Rate	China Academy of Engineering Physics Think Tank (中物研究院中物智庫)
7	2023 Top 100 Property Management Companies in the PRC	Beijing China Index Academy (北京中指信息技術研究院)
8	18th in the 2023 Top 20 Listed Property Management Companies in the Property Management Industry in the PRC	China Academy of Engineering Physics Think Tank (中物研究院中物智庫)
9	2023 Leading Enterprise in Market-oriented Operations in the Property Management Industry in the PRC	Beijing China Index Academy (北京中指信息技術研究院)
10	2023 Top 20 Listed Property Management Companies in the PRC	Shanghai CRIC Information Technology Co., Ltd.* (上海克而瑞信息技術有限公司) CRIC Property Management (克而瑞物管)
11	2023 Leading Residential Property Management Service Companies in the PRC	CRIC Property Management of China Property Research Institute (中物研協克而瑞物管)
12	2023 Top 10 Integrated Strength Property Management State-owned Companies in the PRC	CRIC Property Management of China Property Research Institute (中物研協克而瑞物管)

13	2023 Top 20 Property Service Enterprises in East China in the PRC	China Academy of Engineering Physics Think Tank (中物研究院中物智庫)
14	24th in the 2023 Top 100 Integrated Strength Property Management Companies in the PRC	China Academy of Engineering Physics Think Tank (中物研究院中物智庫)
15	2023 Top 100 Property Management Companies in the PRC with High-Quality Service Capability	China Academy of Engineering Physics Think Tank (中物研究院中物智庫)
16	2023 Top 50 Property Management State-owned Companies in the PRC	China Academy of Engineering Physics Think Tank (中物研究院中物智庫)
17	2023 Leading Residential Property Management Service Companies in the PRC	China Academy of Engineering Physics Think Tank (中物研究院中物智庫)
18	2023 TOP20 High-End Property Management Service Companies in the PRC	CRIC Property Management of China Property Research Institute (中物研協克而瑞物管)
19	2023 Top 30 Property Management Brand Companies in East China in the PRC	CRIC Property Management of China Property Research Institute (中物研協克而瑞物管)
20	25th in the 2023 Top 100 Property Management Companies in the PRC	CRIC Property Management of China Property Research Institute (中物研協克而瑞物管)
21	2023 Top 100 Property Management Companies in the PRC in Terms of Brand Value	CRIC Property Management of China Property Research Institute (中物研協克而瑞物管)
22	2023 TOP20 Residential Property Management Service Companies in the PRC	CRIC Property Management of China Property Research Institute (中物研協克而瑞物管)
23	32th in the 2023 Top 50 Integrated Strength Property Management Companies in China	CRIC Property Management of China Property Research Institute (中物研協克而瑞物管)
24	9th in the 2023 TOP30 China Real Estate ESG Competitiveness Assessment for Property Management Brand	Fengcaixun ESG Index Channel (風財訊ESG指數頻道)
25	2023 Excellent Enterprise in Red Property Services in the PRC	Beijing China Index Academy (北京中指信息技術研究院)

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APPENDIX 2: 2023 ENVIRONMENTAL AND SOCIAL KEY PERFORMANCE INDICATORS (KPI)

Environmental Key Performance Indicators (KPI)

ESG Indicators	Unit	Usage/ emissions
A1.2 Greenhouse gas emissions		
Energy indirect greenhouse gas emission (Scope 2)	Tonnes	121.16
A1.3 Hazardous waste produced		
Weight of hazardous waste	Tonnes	0.04
A1.4 Non-hazardous waste produced		
Weight of non-hazardous waste	Tonnes	9.71
A2: Use of resources		
A2.1 Total energy consumption and density		
Electricity consumption	Kilowatt hour	212,445.62
Indirect energy consumption	Kilowatt hour	212,445.62
Total energy consumption	Kilowatt hour	212,445.62
Energy consumption intensity	Kilowatt hour/ square meter	0.45
A2.2 Water consumption and density		
Water consumption	Cubic metre	3,325.44
Water consumption intensity	Cubic metre/ square meter	0.01

Notes to 2023 Environmental KPIs:

(1) Time scope of the data: 1 January 2023 to 31 December 2023.

(2) Scope of data: this report discloses the energy and resources consumption of the Group's headquarters, Xiamen Business Department, Huifeng Jiayuan (滙豐家園), Jinshan International, Banshanyujing* (半山御景) B03 and Wenlan Hezhu Phase II (文瀾和著二期) project in terms of office areas.

(3) Greenhouse gas emissions (Scope 2) were generated from purchased electricity. As the Group did not use other fuels, it is not subject to waste gases and greenhouse gas (Scope 1) emissions.

(4) Emission factors of greenhouse gas of purchased electricity were applied with reference to the latest national grid average emission factor published by the Ministry of Ecology and Environment of the PRC. Other emission factors are based on the ESG Reporting Guide of the Hong Kong Stock Exchange.

(5) Non-hazardous wastes were mainly office wastes. Hazardous wastes were mainly waste batteries, waste light tubes and bulbs, waste ink cartridges and toner cartridges.

(6) The type of energy consumed by the Group was purchased electricity.

(7) Energy intensity = Total energy consumption/GFA under management; water intensity = water consumption/GFA under management; of which, scope of statistics of GFA under management is in line with the scope of environmental data collection.

(8) Due to nature of the Group's business, packaging materials were not used.

Social Key Performance Indicators (KPI)

ESG Indicators		Unit	Data
B1. Employment			
B1.1 Total workforce by gender, employment type, age group and geographical region			
Total workforce		Person	15,087
Gender	Male	Person	9,324
	Female	Person	5,763
Employment type	Non-management	Person	14,226
	Middle management	Person	716
	Senior management	Person	145
Age	Age 30 or below	Person	5,563
	Age 31-50	Person	7,353
	Age 50 or above	Person	2,171
Geographical region	Anhui Province	Person	232
	Beijing City	Person	125
	Fujian Province	Person	9,155
	Guangdong Province	Person	348
	Guangxi Zhuang Autonomous Region	Person	392
	Guizhou Province	Person	102
	Henan Province	Person	280
	Hubei Province	Person	161
	Hunan Province	Person	641
	Jiangsu Province	Person	1,529
	Jiangxi Province	Person	185
	Shandong Province	Person	80
	Shanghai City	Person	564
	Sichuan Province	Person	608
	Zhejiang Province	Person	604
	Chongqing City	Person	81
	Hong Kong, Macau, Taiwan and Overseas	Person	0

ESG Indicators		Unit	Data
B1.2 Employee turnover rate by gender, age group and geographical region			
Overall employee turnover rate		Percentage	28.60
Gender	Male	Percentage	30.23
	Female	Percentage	25.79
Age	Age 30 or below	Percentage	35.27
	Age 31-50	Percentage	25.25
	Age 50 or above	Percentage	19.53
Geographical region	Mainland China	Percentage	28.60
	Hong Kong, Macau, Taiwan and Overseas	Percentage	0
B2. Health and safety			
B2.1 Number and rate of work-related fatalities occurred in each of the past three years			
Number of work-related fatalities			
	2023	Person	0
	2022	Person	0
	2021	Person	0
Rate of work-related fatalities			
	2023	Percentage	0
	2022	Percentage	0
	2021	Percentage	0
B2.2 Lost days due to work injury			
Lost days due to work injury		Days	2,403
B3. Development and training			
B3.1 The percentage of employees trained by gender and employee category			
The percentage of employees trained		Percentage	100%
Gender	Percentage of male trained employees	Percentage	100%
	Percentage of female trained employees	Percentage	100%
Employment type	Percentage of senior management trained	Percentage	100%
	Percentage of middle management trained	Percentage	100%
	Percentage of non-management trained	Percentage	100%

ESG Indicators		Unit	Data
B3.2 The average training hours completed per employee by gender and employee category			
The average training hours completed per employee		Hour	43.25
Gender	Average training hours employed per male employees	Hour	39.42
	Average training hours employed per female employees	Hour	49.44
Employment type	Length of training for senior management	Hour	54.03
	Length of training for middle management	Hour	65.13
	Length of training for non-management	Hour	42.03
B5. Supply Chain Management			
B5.1 Number of suppliers by geographical region			
Total number of suppliers		–	2,224
Geographical region	Eastern PRC	–	1,876
	Central PRC	–	210
	Northeast PRC	–	0
	Western PRC	–	138
B6: Product Responsibility			
B6.2 Number of products and service related complaints received			
Number of complaints from customers		Incidents	1,918
B7. Anti-corruption			
B7.1 Number of corruption litigation cases			
Number of concluded corruption litigation cases brought against the Group or its employees		Cases	0
B8. Community Investment			
B8.2 Resources contributed to the focus area			
Input time		Hour	240
Number of volunteers participating in public welfare activities		Person	5,047

Notes to 2023 Social KPIs:

(1) Number of employees refers to full-time employee including employees of 4 equity companies.

(2) Employee turnover rate = the number of employees in that category who left in full-year 2023/(total number of employees in that category in full-year 2023 + the number of employees in that category who left in full-year 2023)*100%.

(3) Average percentage of employees trained in the relevant category = Total number of employees trained in the specific category/Total number of employees in the specific category * 100%.

(4) Average number of hours of training for the relevant category of employees = Total number of hours of training for the specific category of employees/number of employees trained in the specific category.

(5) Details of suppliers by geographical region:

- Eastern PRC: Beijing City, Tianjin City, Hebei Province, Shanghai City, Jiangsu Province, Zhejiang Province, Fujian Province, Shandong Province, Guangdong Province, Hainan Province

- Central PRC: Shanxi Province, Anhui Province, Jiangxi Province, Henan Province, Hubei Province, Hunan Province

- Northeast PRC: Liaoning Province, Jilin Province, Heilongjiang Province

- Western PRC: Inner Mongolia Autonomous Region, Guangxi Zhuang Autonomous Region, Chongqing City, Sichuan Province, Guizhou Province, Yunnan Province, Tibet Autonomous Region, Shaanxi Province, Gansu Province, Qinghai Province, Ningxia Hui Autonomous Region, Xinjiang Uygur Autonomous Region

APPENDIX 3: CONTENT INDEX OF THE ESG REPORTING GUIDE

ESG Indicators		Disclosure	Corresponding Chapters
Area: Environmental			
A1: Emissions			
General Disclosure	Information on:		
	(a) The policies; and	Disclosed	LOW-CARBON ENVIRONMENTAL PROTECTION, SAFEGUARDING THE GREEN WATERS AND MOUNTAINS
	(b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Disclosed	LOW-CARBON ENVIRONMENTAL PROTECTION, SAFEGUARDING THE GREEN WATERS AND MOUNTAINS
A1.1	The types of emissions and respective emissions data	N/A	The Group does not use business vehicles and gas fuel.
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Environmental Key Performance Indicators (KPI) in Appendix 2
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Environmental Key Performance Indicators (KPI) in Appendix 2
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Environmental Key Performance Indicators (KPI) in Appendix 2
A1.5	Description of emissions target(s) set and steps taken to achieve them.	Disclosed	LOW-CARBON ENVIRONMENTAL PROTECTION, SAFEGUARDING THE GREEN WATERS AND MOUNTAINS
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Disclosed	LOW-CARBON ENVIRONMENTAL PROTECTION, SAFEGUARDING THE GREEN WATERS AND MOUNTAINS

ESG Indicators		Disclosure	Corresponding Chapters
A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Disclosed	LOW-CARBON ENVIRONMENTAL PROTECTION, SAFEGUARDING THE GREEN WATERS AND MOUNTAINS
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Disclosed	Environmental Key Performance Indicators (KPI) in Appendix 2
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Disclosed	Environmental Key Performance Indicators (KPI) in Appendix 2
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Disclosed	LOW-CARBON ENVIRONMENTAL PROTECTION, SAFEGUARDING THE GREEN WATERS AND MOUNTAINS
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Disclosed	LOW-CARBON ENVIRONMENTAL PROTECTION, SAFEGUARDING THE GREEN WATERS AND MOUNTAINS
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A	The Group is a non-manufacturing enterprise and does not use packaging materials

ESG Indicators		Disclosure	Corresponding Chapters
A3: Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Disclosed	LOW-CARBON ENVIRONMENTAL PROTECTION, SAFEGUARDING THE GREEN WATERS AND MOUNTAINS
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Disclosed	LOW-CARBON ENVIRONMENTAL PROTECTION, SAFEGUARDING THE GREEN WATERS AND MOUNTAINS
A4: Climate Change			
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Disclosed	LOW-CARBON ENVIRONMENTAL PROTECTION, SAFEGUARDING THE GREEN WATERS AND MOUNTAINS
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Disclosed	LOW-CARBON ENVIRONMENTAL PROTECTION, SAFEGUARDING THE GREEN WATERS AND MOUNTAINS

ESG Indicators		Disclosure	Corresponding Chapters
Area: Society			
B1: Employment			
General Disclosure	Information on:		
	(a) The policies; and	Disclosed	DYNAMIC WORKPLACE BUILT BY EQUALITY AND INCLUSION
	(b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Disclosed	DYNAMIC WORKPLACE BUILT BY EQUALITY AND INCLUSION
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Disclosed	Social Key Performance Indicators (KPI) in Appendix 2
B1.2	Employee turnover rate by gender, age group and geographical region.	Disclosed	Social Key Performance Indicators (KPI) in Appendix 2

ESG Indicators		Disclosure	Corresponding Chapters
B2: Health and Safety			
General Disclosure	Information on:		
	(a) The policies; and	Disclosed	DYNAMIC WORKPLACE BUILT BY EQUALITY AND INCLUSION
	(b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Disclosed	DYNAMIC WORKPLACE BUILT BY EQUALITY AND INCLUSION
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Disclosed	Social Key Performance Indicators (KPI) in Appendix 2
B2.2	Lost days due to work injury.	Disclosed	Social Key Performance Indicators (KPI) in Appendix 2
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Disclosed	DYNAMIC WORKPLACE BUILT BY EQUALITY AND INCLUSION
B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Disclosed	DYNAMIC WORKPLACE BUILT BY EQUALITY AND INCLUSION
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Disclosed	Social Key Performance Indicators (KPI) in Appendix 2
B3.2	The average training hours completed per employee by gender and employee category.	Disclosed	Social Key Performance Indicators (KPI) in Appendix 2

ESG Indicators		Disclosure	Corresponding Chapters
B4: Labour Standards			
General Disclosure	Information on: (a) The policies; and	Disclosed	DYNAMIC WORKPLACE BUILT BY EQUALITY AND INCLUSION
	(b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Disclosed	DYNAMIC WORKPLACE BUILT BY EQUALITY AND INCLUSION
B4.1	Description of measures to review employment practices to avoid child and forced labour	Disclosed	DYNAMIC WORKPLACE BUILT BY EQUALITY AND INCLUSION
B4.2	Description of steps taken to eliminate such practices when discovered.	Disclosed	DYNAMIC WORKPLACE BUILT BY EQUALITY AND INCLUSION
B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Disclosed	MUTUAL BENEFIT AND WIN-WIN RESULTS TO PROGRESS WITH OUR PARTNERS
B5.1	Number of suppliers by geographical region.	Disclosed	Social Key Performance Indicators (KPI) in Appendix 2
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Disclosed	COLLABORATIVE IMPROVEMENT TO ADVOCATE HONEST OPERATION
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Disclosed	COLLABORATIVE IMPROVEMENT TO ADVOCATE HONEST OPERATION
B5.4	Description of practices used to promote environmentally-preferable products and services when selecting suppliers, and how they are implemented and monitored.	Disclosed	COLLABORATIVE IMPROVEMENT TO ADVOCATE HONEST OPERATION

ESG Indicators		Disclosure	Corresponding Chapters
B6: Product Responsibility			
General Disclosure	Information on:		
	(a) The policies; and	Disclosed	GENUINE SERVICE TO UPHOLD OUTSTANDING QUALITY
	(b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Disclosed	GENUINE SERVICE TO UPHOLD OUTSTANDING QUALITY
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A	/
B6.2	Number of products and service related complaints received and how they are dealt with.	Disclosed	GENUINE SERVICE TO UPHOLD OUTSTANDING QUALITY Social Key Performance Indicators (KPI) in Appendix 2
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Disclosed	GENUINE SERVICE TO UPHOLD OUTSTANDING QUALITY
B6.4	Description of quality assurance process and recall procedures.	N/A	/
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Disclosed	GENUINE SERVICE TO UPHOLD OUTSTANDING QUALITY

ESG Indicators		Disclosure	Corresponding Chapters
B7: Anti-corruption			
General Disclosure	Information on:		
	(a) The policies; and	Disclosed	COLLABORATIVE IMPROVEMENT TO ADVOCATE HONEST OPERATION
	(b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Disclosed	COLLABORATIVE IMPROVEMENT TO ADVOCATE HONEST OPERATION
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Disclosed	Social Key Performance Indicators (KPI) in Appendix 2
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Disclosed	COLLABORATIVE IMPROVEMENT TO ADVOCATE HONEST OPERATION
B7.3	Description of anti-corruption training provided to directors and staff.	Disclosed	COLLABORATIVE IMPROVEMENT TO ADVOCATE HONEST OPERATION
B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Disclosed	GIVING BACK TO SOCIETY TO CREATE A BETTER FUTURE
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Disclosed	GIVING BACK TO SOCIETY TO CREATE A BETTER FUTURE
B8.2	Resources contributed (e.g. money or time) to the focus area.	Disclosed	Social Key Performance Indicators (KPI) in Appendix 2

APPENDIX 4: LIST OF COMPLIANCE WITH MAJOR LAWS, REGULATIONS AND INTERNAL POLICIES

ESG Indicators	Compliance with laws and regulations	Internal policies of C&D International
A. Environment	"Environmental Protection Law of the People's Republic of China" "Environmental Noise Pollution Prevention and Control Law of the People's Republic of China" "Law of the People's Republic of China on Prevention and Control of Air Pollution" "Water Pollution Prevention and Control Law of the People's Republic of China" "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste"	"Engineering Technology [2020] No. 2 Energy Saving Control Standard for Public Areas" "Engineering Technology [2020] No. 9 Administrative Measures on Water and Electricity Consumption of C&D Property Service Group Limited" "Energy Saving Control Standard for Public Areas" "Guidelines for Energy Saving and Consumption Reduction Management" "Emergency Measures for Typhoon and Flood Prevention"
B1. Employment **B2. Health and Safety** **B3. Development and Training** **B4. Labor Standards**	"Labor Law of the People's Republic of China" "Labor Contract Law of the People's Republic of China" "Law of the People's Republic of China on Employment Promotion" "Social Insurance Law of the People's Republic of China" "Law of the People's Republic of China on Prevention and Control of Occupational Diseases" "Special Protection Regulations for Juvenile Workers of the People's Republic of China" "Regulations on the Prohibition of Child Labour" "Law of the People's Republic of China on Work Safety" "Fire Services Law of the People's Republic of China" "Regulations of the People's Republic of China on Work- Related Injury Insurance"	"Human Resources System of C&D Property Service Group Co., Ltd." "Measures for the Administration of Talent Recommendation and Reward" " Employee Resignation Management Guidelines" "Operation Manual for Property Safety Management" "Management Requirements for Construction Operations in Limited Space of Properties" "Investigation System for Hidden Dangers in Public Areas of C&D Property" "Red and Yellow Card System for Supervision of Safety Bottom Line of C&D Property Group" "Administrative Measures for Performance Appraisal of C&D Property Service Group Limited" "Measures for the Special Reward and Punishment of C&D Property for Market Development in 2022" "Reward System for Social Business Operation of C&D Property Service Group Co., Ltd." "Guidelines on Talent Nurturing and Development Management" "Training Management System of C&D Property Service Group Co., Ltd." "Training Operation Manual of C&D Property Service Group Co., Ltd." "Management Measures for Employee Examination and Approval" "Internal Trainer Management System"

ESG Indicators	Compliance with laws and regulations	Internal policies of C&D International
B5. Supply Chain Management	"Bidding Law of the People's Republic of China"	"Manual of Supplier Management" "Manual of Tender Procurement Management" "Manual of Procurement Contract Management" "Manual of Procurement Planning Management" "Manual of Non-Tender Procurement Management"
B6. Product Responsibility	"Law of the People's Republic of China on Product Quality" "Law of the People's Republic of China on Urban Real Estate Management" "Property Management Regulations" "Law of the People's Republic of China on the Protection of Consumer Rights and Interests" "Cyber Security Law of the People's Republic of China" "Provisions on Protection of Personal Information of Telecommunication and Internet Users" "Advertisement Law of the People's Republic of China" "Trademark Law of the People's Republic of China" "Patent Law of the People's Republic of China" "Copyright Law of the People's Republic of China"	"Guidance Manual for the Full Cycle of Property Project Operation" "C&D Property Project Operation System" "Investigation System for Hidden Dangers in Public Areas of C&D Property" "Red and Yellow Card System for Supervision of Safety Bottom Line of C&D Property Group" "Guidelines for Handling Customer Complaints" "Information Management System of C&D Property Service Group Co., Ltd." "Employee Information Security Guidance Manual of C&D Property Service Group Co., Ltd." "Brand Management System of C&D Property Service" "Publicity Regulations" "Self-media Platform Management Regulations"
B7. Anti-corruption	"Anti-Money Laundering Law of the People's Republic of China" "Anti-unfair Competition Law of the People's Republic of China"	"Integrity and Self-discipline Manual"
B8. Community Investment	"Charity Law of the People's Republic of China"	"Xiamen Charity Federation Administrative Measure for Relief Funds of C&D Group" "Administrative Measures on External Donation of Xiamen C&D Corporation Limited"

Grant Thornton
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To the members of C&D Property Management Group Co., Ltd
(incorporated in the British Virgin Islands with limited liability)

OPINION

We have audited the consolidated financial statements of C&D Property Management Group Co., Ltd (the "Company") and its subsidiaries (together, the "Group") set out on pages 158 to 231, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, 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"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

Expected credit loss ("ECL") allowance on trade receivables

Refer to notes 2.10, 4(b) and 20 to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
As at 31 December 2023, the Group had trade receivables amounting to RMB390,733,000, net of ECL allowance amounting to RMB14,274,000. Trade receivables have been grouped based on shared credit risk characteristics and the past due status. The Group determines the ECL allowance on trade receivables based on an assessment of the risk of default and the expected loss rate. In performing the assessment, the Group considered the credit quality of the customers by considering their historical settlements record, ageing profile, financial position and other factors, and taking into account of current market condition and forward-looking information at each reporting date. We identified the ECL allowance of trade receivables as a key audit matter due to considerable amounts of judgement and estimation being applied in the assessment of credit risk under the ECL model. These judgements and assumptions including but not limited to the debtors' payment history and creditworthiness, historical default rates, and forward-looking macroeconomic factors.	Our audit procedures in relation to the ECL allowance included: • obtaining an understanding on management's assessment on the ECL model of trade receivables, assessing its reasonableness by considering the historical payment records and ageing profile, evaluating adjustment made to the historical loss rates based on current market conditions and forward-looking information with reference to our industry knowledge and market information; • involving our internal valuation expert to evaluate the management's judgements in assessing the valuation methodology; • testing, on a sample basis, the accuracy of ageing analysis of trade receivables prepared by the management to supporting documents; and • checking the mathematical accuracy of the calculation of the ECL allowance.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the 2023 annual report of the Company, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

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

The directors assisted by the Audit Committee are responsible for overseeing the Group's financial reporting process.

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

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

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

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

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

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

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

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

- 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.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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.

Grant Thornton Hong Kong Limited
Certified Public Accountants
11th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

21 March 2024

Han Pui Yu
Practising Certificate No.: P07101

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Revenue	5	**3,569,324**	2,290,473
Cost of sales		**(2,567,858)**	(1,753,477)
Gross profit		**1,001,466**	536,996
Other income	6	**17,326**	16,516
Selling and marketing expenses		**(7,965)**	(7,574)
Administrative and other operating expenses		**(355,823)**	(287,176)
Provision for expected credit losses allowance on trade and other receivables, net		**(3,234)**	(4,591)
Finance income, net	7	**75,782**	71,071
Share of results of associates		**(57)**	(533)
Profit before income tax	8	**727,495**	324,709
Income tax expense	10	**(180,151)**	(73,391)
Profit for the year		**547,344**	251,318
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**11,135**	34,020
Total comprehensive income for the year		**558,479**	285,338
Profit for the year attributable to:			
— Equity holders of the Company		**467,347**	247,212
— Non-controlling interests		**79,997**	4,106
		547,344	251,318
Profit and total comprehensive income attributable to:			
— Equity holders of the Company		**478,482**	281,232
— Non-controlling interests		**79,997**	4,106
		558,479	285,338
Earnings per share attributable to the equity holders of the Company (expressed in RMB per share)			
Basic	12	**0.35**	0.19
Diluted	12	**0.34**	0.18

The notes on pages 165 to 231 are an integral part of these consolidated financial statements. Details of dividends payable to equity holders of the Company attributable to the profit for the year are set out on note 11.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	**51,388**	35,572
Right-of-use assets	15	**45,159**	21,527
Interests in associates	16	**1,280**	1,337
Goodwill	17	**59,634**	59,634
Intangible assets	18	**14,390**	16,564
Deferred tax assets	26	**25,787**	15,023
		197,638	149,657
Current assets			
Inventories	19	**44,992**	39,602
Trade and other receivables	20	**541,757**	358,102
Amounts due from related parties	23(a)	**50,500**	23,164
Restricted bank deposits	21	**15,895**	32,929
Cash and cash equivalents	21	**2,952,395**	2,703,119
		3,605,539	3,156,916
Current liabilities			
Trade and other payables	22	**1,282,329**	941,180
Contract liabilities	5(a)	**446,421**	990,085
Amounts due to related parties	23(b)	**1,565**	126
Income tax payables		**165,588**	68,963
Interest-bearing borrowings	24	**1,353**	1,500
Lease liabilities	25	**8,073**	3,607
		1,905,329	2,005,461
Net current assets		**1,700,210**	1,151,455
Total assets less current liabilities		**1,897,848**	1,301,112

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Non-current liabilities			
Interest-bearing borrowings	24	**18,250**	8,500
Lease liabilities	25	**34,712**	11,972
Deferred tax liabilities	26	**13,222**	7,937
		66,184	28,409
Net assets		**1,831,664**	1,272,703
CAPITAL AND RESERVES			
Share capital	27	**11,941**	11,286
Reserves	28	**1,714,200**	1,234,471
Equity attributable to the equity holders of the Company		**1,726,141**	1,245,757
Non-controlling interests		**105,523**	26,946
Total equity		**1,831,664**	1,272,703

Qiao Haixia
Director

Huang Danghui
Director

The notes on pages 165 to 231 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Attributable to equity holders of the Company										
	Share capital RMB'000 (note 27)	**Shares held for restricted shares incentive scheme*** RMB'000 (notes 28(d) and 36)	**Share premium*** RMB'000 (note 28(e))	**Share-based payment reserve*** RMB'000 (note 28(f))	**Other reserve*** RMB'000 (note 28(b))	**Statutory reserve*** RMB'000 (note 28(a))	**Exchange reserve*** RMB'000 (note 28(c))	**Retained profits*** RMB'000	**Sub-total** RMB'000	**Non-controlling interests** RMB'000	**Total equity** RMB'000
Balance at 1 January 2022	11,286	(56,086)	500,084	2,607	85,775	62,235	530	404,978	1,011,409	19,849	1,031,258
Total comprehensive income											
Profit for the year	–	–	–	–	–	–	–	247,212	247,212	4,106	251,318
Other comprehensive income											
— Exchange differences on translation of financial statements of foreign operations	–	–	–	–	–	–	34,020	–	34,020	–	34,020
Profit and total comprehensive income for the year	–	–	–	–	–	–	34,020	247,212	281,232	4,106	285,338
Transactions with owners											
— Disposal of shares held for restricted shares inventive scheme	–	2,449	1,673	–	–	–	–	–	4,122	–	4,122
— Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	2,468	2,468
— Recognition of share-based payment, net of taxation	–	–	–	15,536	–	–	–	–	15,536	–	15,536
— 2021 final dividend approval and paid	–	–	(68,565)	–	–	–	–	–	(68,565)	–	(68,565)
— Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(847)	(847)
— Change in ownership interests in a subsidiary without change of control	–	–	–	–	2,023	–	–	–	2,023	1,370	3,393
	–	2,449	(66,892)	15,536	2,023	–	–	–	(46,884)	2,991	(43,893)
Balance at 31 December 2022	11,286	(53,637)	433,192	18,143	87,798	62,235	34,550	652,190	1,245,757	26,946	1,272,703

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Attributable to equity holders of the Company										
	Share capital RMB'000 (note 27)	Shares held for restricted shares incentive scheme* RMB'000 (notes 28(d) and 36)	Share premium* RMB'000 (note 28(e))	Share-based payment reserve* RMB'000 (note 28(f))	Other reserve* RMB'000 (note 28(b))	Statutory reserve* RMB'000 (note 28(a))	Exchange reserve* RMB'000 (note 28(c))	Retained profits* RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2023	11,286	(53,637)	433,192	18,143	87,798	62,235	34,550	652,190	1,245,757	26,946	1,272,703
Total comprehensive income											
Profit for the year	–	–	–	–	–	–	–	467,347	467,347	79,997	547,344
Other comprehensive income											
— Exchange differences on translation of financial statements of foreign operations	–	–	–	–	–	–	11,135	–	11,135	–	11,135
Profit and total comprehensive income for the year	–	–	–	–	–	–	11,135	467,347	478,482	79,997	558,479
Transactions with owners											
— Disposal of shares held for restricted shares inventive scheme	–	663	384	–	–	–	–	–	1,047	–	1,047
— Issuance of shares in respect of restricted share incentive scheme (note 27)	400	(78,138)	77,738	–	–	–	–	–	–	–	–
— Recognition of share-based payment, net of taxation	–	–	–	11,926	–	–	–	–	11,926	–	11,926
— Vesting of awarded shares under restricted shares inventive scheme	–	23,792	–	–	–	–	–	–	23,792	–	23,792
— 2022 final dividend approval and paid	–	–	(123,712)	–	–	–	–	–	(123,712)	–	(123,712)
— Issuance of shares in respect of scrip dividend (note 27)	255	–	88,594	–	–	–	–	–	88,849	–	88,849
— Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(1,420)	(1,420)
— Appropriation to statutory reserve	–	–	–	–	–	18,630	–	(18,630)	–	–	–
	655	(53,683)	43,004	11,926	–	18,630	–	(18,630)	1,902	(1,420)	482
Balance at 31 December 2023	11,941	(107,320)	476,196	30,069	87,798	80,865	45,685	1,100,907	1,726,141	105,523	1,831,664

* The total of these amounts as at the reporting date represent "Reserves" in the consolidated statement of financial position.

The notes on pages 165 to 231 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Cash flows from operating activities			
Profit before income tax		**727,495**	324,709
Adjustments for:			
Depreciation of property, plant and equipment	8	**11,177**	8,537
Depreciation of right-of-use assets	8	**11,152**	9,254
Amortisation of intangible assets	8	**4,378**	3,321
Written off of property, plant and equipment	8	**1,103**	381
Written off of intangible assets		**–**	24
Provision for ECL allowance on trade and other receivables, net	8	**3,234**	4,591
Loss/(Gain) on early termination of leases	8	**763**	(75)
Interest expense	7	**2,617**	645
Interest income	7	**(78,399)**	(71,716)
Share of results of associates	16	**57**	533
Share-based payment expenses	8	**12,550**	15,039
Operating cash flows before working capital changes		**696,127**	295,243
Increase in inventories		**(5,390)**	(27,334)
Increase in trade and other receivables		**(186,889)**	(154,108)
Increase in trade and other payables		**297,314**	231,583
(Decrease)/Increase in contract liabilities		**(543,664)**	200,475
Decrease in restricted bank deposits		**17,034**	2,958
Cash generated from operations		**274,532**	548,817
Income tax paid		**(89,005)**	(53,066)
Net cash from operating activities		**185,527**	495,751

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Cash flows from investing activities			
Purchase of property, plant and equipment		**(28,096)**	(13,664)
Purchase of intangible assets		**(2,204)**	(3,476)
Increase in amounts due from related parties		**(27,336)**	(23,164)
Interest received		**78,399**	71,716
Net cash outflow on acquisition of a subsidiary		**–**	(25,504)
Net cash from investing activities		**20,763**	5,908
Cash flows from financing activities			
Capital contribution from non-controlling interests		**–**	2,468
Proceeds from restricted shares forfeited		**1,047**	4,122
Proceeds from interest-bearing borrowings	33	**10,000**	10,000
Repayments of interest-bearing borrowings	33	**(397)**	–
Proceeds from issuance of restricted shares under Restricted Share Incentive Scheme		**78,138**	–
Proceeds from issuance of shares in respect of scrip dividend	27	**88,849**	–
Proceeds from related parties	33	**1,564**	–
Repayments to related parties	33	**(125)**	(1,649)
Dividends paid	11	**(123,712)**	(68,565)
Dividends paid to non-controlling interests		**(1,420)**	(847)
Interest paid	33	**(2,617)**	(645)
Payments of lease liabilities	33	**(8,341)**	(8,262)
Proceed from disposal of ownership interests in subsidiaries without change of control		**–**	3,393
Net cash from/(used in) financing activities		**42,986**	(59,985)
Net increase in cash and cash equivalents		**249,276**	441,674
Cash and cash equivalents at beginning of year		**2,703,119**	2,261,445
Cash and cash equivalents at end of year, represented by bank balances and cash		**2,952,395**	2,703,119

The notes on pages 165 to 231 are an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

C&D Property Management Group Co., Ltd (the "Company") was incorporated as a company with limited liability in the British Virgin Islands ("BVI") on 4 May 2016. The address of the registered office of the Company is 2/F, Palm Grove House, P.O. Box 3340, Road Town, Tortola, BVI and its principal place of business in Hong Kong is located at Room 3517, 35/F, Wu Chung House, 213 Queen's Road East, Wan Chai, Hong Kong.

The Company is an investment holding company and has not carried out any business since its incorporation. The Company and its subsidiaries (collectively, the "Group") are principally engaged in the provision of property management services, community value-added and synergy services, the value-added services to non-property owners and commercial property operation management services in the People's Republic of China ("China" or "The PRC")

On 31 December 2020, the Company has its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company's immediate holding company is C&D International Investment Group Limited ("C&D International"), a company incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of the Stock Exchange; C&D Real Estate Corporation Limited* (建發房地產集團有限公司) ("C&D Real Estate") which was incorporated in the PRC with limited liability, is the Company's intermediate holding company, whereas the directors of the Company regard Xiamen C&D Corporation Limited* (廈門建發集團有限公司) ("Xiamen C&D"), a state-owned enterprise incorporated in the PRC with limited liability, as the Company's ultimate holding company and controlling party (the "Controlling Shareholder").

* The English translation of the names of the companies established in the PRC are for reference only. The official names of these companies are in Chinese.

The consolidated financial statements for the year ended 31 December 2023 were approved for issue by the Board of Directors on 21 March 2024.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the HKICPA and the accounting principles generally accepted in Hong Kong. The consolidated financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

The material accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of amended HKFRSs and issued but not yet effective HKFRSs and the impacts on the consolidated financial statement of the Group, if any, are disclosed in note 3.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.1 Basis of preparation *(Continued)*

The consolidated financial statements have been prepared under the historical cost convention. The Company's functional currency is Hong Kong Dollars ("HK$"). However, the consolidated financial statements are presented in Renminbi ("RMB"), as the directors of the Company consider that RMB is the functional currency of the primary economic environment in which most of the transactions of the principal activities in the PRC are denominated and settled in and this presentation is more useful for its current and potential investors. The consolidated financial statements are presented in thousands of RMB ("RMB'000") unless otherwise stated.

It should be noted that accounting estimates and assumptions are used in preparation of consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

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

The Group includes the income and expenses of a subsidiary in the consolidated financial statements from the date it gains control until the date when the Group ceases to control the subsidiary.

Non-controlling interests in the results and equity of subsidiaries are presented separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position.

(i) Business combinations under common control

The consolidated financial statements incorporates the financial statement items of the entities or businesses in which the common control combination occurs as if they had been combined from the date when the entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in consideration for goodwill or excess of acquirer's interest in the net fair value of acquirer's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.2 Basis of consolidation *(Continued)*

(i) Business combinations under common control (Continued)

The consolidated statement of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealised gains on transactions between combining entities or businesses are eliminated.

(ii) Business combinations not under common control

The Group applies the acquisition method to account for business combinations not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Consideration transferred as part of a business combination does not include amounts related to the settlement of pre-existing relationships. The gain or loss on the settlement of any pre-existing relationship is recognised in profit or loss.

The Group recognises any non-controlling interests in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition-date fair value, unless another measurement basis is required by HKFRSs. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interests recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference, after reassessment, is recognised directly in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.2 Basis of consolidation *(Continued)*

(iii) Change in ownership interests

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified or permitted by applicable HKFRSs.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iv) Separate financial statements

Investment in a subsidiary is accounted for at cost less impairment loss. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investment in a subsidiary is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount of the investee's net assets including goodwill in the consolidated statement of financial position.

2.3 Associates

An associate is an entity over which the Group has significant influence, which is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

In the consolidated financial statements, investments in associates are initially recognised at cost and subsequently accounted for using the equity method. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group, plus any costs directly attributable to the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.3 Associates *(Continued)*

Under the equity method, the Group's interest in associate is carried at cost and adjusted for the post-acquisition changes in the Group's share of the associate's net assets less any identified impairment loss, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The profit or loss for the year includes the Group's share of the post-acquisition, post-tax results of the associate and any impairment loss on the investment in associate recognised for the year.

Unrealised gains on transactions between the Group and its associate is eliminated to the extent of the Group's interest in associate.

Where the associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made, where necessary, to conform the associate's accounting policies to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest in the associate is the carrying amount of the investment under the equity method together with the Group's other long-term interests that in substance form part of the Group's net investment in the associate, after applying the expected credit loss ("ECL") model to such other long-term interests where applicable.

After the application of equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at the reporting date whether there is any objective evidence that the investment in the associate is impaired. If such indications are identified, the Group calculates the amount of impairment as being the difference between the recoverable amount (i.e. higher of value in use and fair value less costs of disposal) of the associate and its carrying value and recognises the amount adjacent to share of result from associate in profit or loss.

The Group discontinues the use of equity method from the date when it ceases to have significant influence over an associate. If the retained interest in that former associate is a financial asset, the retained interest is measured at fair value, which is regarded as its fair value on initial recognition as a financial asset in accordance with HKFRS 9 "Financial Instruments" ("HKFRS 9"). The difference between (i) the fair value of any retained interest and any proceeds from disposing of a part interest in the associate; and (ii) the carrying amount of the investment at the date the equity method was discontinued, is recognised in the profit or loss. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would have been required if the associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by the investee would be reclassified to profit or loss on the disposal of the related assets or liabilities, the entity reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.4 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the individual financial statements of each of the entities within the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (i.e. only translated using the exchange rates at the transaction date).

(c) *Group companies*

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this average rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

- all resulting currency translation differences are recognised in other comprehensive income and accumulated separately in "Exchange reserve" in equity.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses (see note 2.20). Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation on items of property, plant and equipment is provided to write off the cost over their estimated useful lives, using the straight-line method, at the following rates per annum:

Leasehold improvement	12.50% to 33.33%
Furniture, fixtures and office equipment	20% to 50%
Motor vehicles	12.50% to 33.33%

The assets' depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the reporting date.

Gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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

2.6 Goodwill

Goodwill arising on a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree, if any, over the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

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

Goodwill is stated at cost less accumulated impairment losses (see note 2.20). Goodwill arising on a business combination is allocated to each cash-generating unit or groups of cash-generating units, which is expected to benefit from the synergies of the combination and is tested at least annually for impairment. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the interests in associates (see note 2.3). On disposal of a cash-generating unit or an associate, any attributable amount of goodwill is included in the calculation of the gain or loss on disposal.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.7 Intangible assets (other than goodwill)

Acquired intangible assets are capitalised on the basis of the costs incurred to acquire and bring to use the specific intangible assets. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses (see note 2.20).

Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. Amortisation commences when the intangible assets are available for use. The following useful lives are applied:

Computer software	5 years
Customers relationships	2 to 5 years

The assets' amortisation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Intangible assets are tested for impairment as described below in note 2.20.

2.8 Financial instruments

Recognition and derecognition

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

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15"), all financial assets are initially measured at fair value, in case of a financial asset not at fair value through profit or loss ("FVTPL"), plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the consolidated statement of profit or loss and other comprehensive income.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.8 Financial instruments *(Continued)*

Financial assets (Continued)

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

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

— amortised cost; or

— FVTPL.

The classification is determined by both:

— the entity's business model for managing the financial asset; and

— the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within "Finance income, net", except for provision for ECL allowance of trade and other receivables which is presented as a separate line item in the consolidated statement of profit or loss and other comprehensive income.

Subsequent measurement of financial assets

Debt investments

Financial assets at amortised cost

Non-equity investments held by the Group are classified into amortised cost, if the investment is held within a business model whose objective is to hold the investment and collect its contractual cash flows and the contractual terms of the investment give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from the investment is calculated using the effective interest method (note 2.18).

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in "Finance income, net" in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, restricted bank deposits, amounts due from related parties and trade and other receivables (excluding prepayments, value-added tax receivables and other tax recoverable) and the Company's amounts due from subsidiaries and deposits fall into this category of financial assets.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.8 Financial instruments *(Continued)*

Financial liabilities

Classification and measurement of financial liabilities

The Group's financial liabilities include trade and other payables (excluding value-added tax payable, other tax payable and payable in relation to the restricted shares incentive scheme), amounts due to related parties, lease liabilities and interest-bearing borrowings. They are separately shown on the face of the consolidated statement of financial position.

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

Subsequently, financial liabilities (other than lease liabilities) are measured at amortised cost using the effective interest method except for derivatives which are not designated and effective as hedging instruments and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges are recognised in accordance with the Group's accounting policy for borrowing costs (see note 2.22).

Accounting policies of lease liabilities is set out in note 2.14.

Interest-bearing Borrowings

Interest-bearing borrowings are recognised initially at fair value, net of transaction costs incurred. Interest-bearing borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the interest-bearing borrowings using the effective interest method.

Interest-bearing borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Other financial liabilities

Other financial liabilities including trade and other payables and amounts due to related parties, which are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.10 Impairment of financial assets

HKFRS 9's impairment requirements use forward-looking information to recognise ECL — the "ECL model". Instruments within the scope included loans and other debt-type financial assets measured at amortised cost and trade receivables.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

— financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1") and

— financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have objective evidence of impairment at the reporting date.

"12-month ECL" are recognised for the Stage 1 category while "lifetime ECL" are recognised for the Stage 2 category.

Measurement of the ECL is determined by a probability-weighted estimate of expected credit losses over the expected life of the financial asset.

Trade receivables

For trade receivables, the Group applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at the reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators of the trade receivables with similar credit risk characteristics, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the past due status.

Other financial assets measured at amortised cost

The Group measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.10 Impairment of financial assets *(Continued)*

Other financial assets measured at amortised cost (Continued)

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

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

— an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

— significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

— existing or forecast adverse changes in regulatory, business, financial, economic conditions, or technological environment that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and

— an actual or expected significant deterioration in the operating results of the debtor.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 365 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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

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

Detailed analysis of the ECL assessment of trade receivables and other financial assets measured at amortised cost are set out in note 37.2.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.11 Inventories

(a) *Inventories*

Inventories, comprising finished goods and construction materials, are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

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. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(b) *Other contract costs*

Other contract costs are the costs to fulfil a contract with a customer which are not capitalised as inventories (note 2.11(a)), property, plant and equipment (note 2.5) or intangible asset (note 2.7).

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalised as inventories, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised. The accounting policy for revenue recognition is set out in note 2.17.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash at banks and on hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in note 2.10.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.13 Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 2.17). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2.8). For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

2.14 Leases

Definition of a lease and the Group as a lessee

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;

- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and

- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

At the lease commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.14 Leases *(Continued)*

Measurement and recognition of leases as a lessee *(Continued)*

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payment of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of twelve months or less.

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

2.15 Provisions and contingent liabilities

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

All provisions are reviewed at the reporting date and adjusted to reflect the current best estimate.

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 uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.16 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

2.17 Revenue recognition

The Group provides property management services, community value-added and synergy services, value-added services to non-property owners and commercial property operation management services.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer

2. Identifying the performance obligations

3. Determining the transaction price

4. Allocating the transaction price to the performance obligations

5. Recognising revenue when/as performance obligation(s) are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Property management services

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

For property management services income from properties managed on a lump-sum basis, where the Group acts as a principal and is primary responsible for providing the property management services to the property owners, the Group recognises the fee received or receivable from property owners as its revenue and all related property management costs as its cost of services. For property management services income from properties managed on a commission basis, the Group recognises the commission, which is calculated by certain percentage of the total property management fee received or receivable from the property owners, or total property management cost incurred or accrual by the property owners, as its revenue for arranging and monitoring the services as provided by other suppliers to the property owners.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.17 Revenue recognition *(Continued)*

Community value-added and synergy services

Community value-added and synergy services mainly include (i) home living services to property owners and residents, such as housekeeping and cleaning services, repair and maintenance services and group-purchasing services, which are charged for each service provided and recognised when the relevant services are rendered; (ii) home beauty services, providing turn-key move-in services with one-stop home beauty solutions for overall design, interior home furnishing and appliances installation, which is recognised at a point in time when such services are rendered; (iii) commission income from real estate brokerage and asset management services for secondary sales and rental of properties and/or car parking spaces, which is billed to property owners and third parties immediately upon the services are provided and is recognised on a net basis at a point in time; (iv) revenue from valued-added services for public areas, such as leasing out public area and advertising spots and temporary parking management, which is recognised over time when such services are rendered; (v) revenue from elderly-care and health value-added service through operation of an elderly-care centre, which is recognised over time with reference to the detailed terms of transactions as stipulated in the contracts entered into with its customers and counterparties; (vi) smart community services mainly include design, construction operation and maintenance of smart property management systems and sales of intelligent equipment and software as part of the design and construction services of smart property management system. Revenue from smart community services is recognised over time as the Group's performance creates or enhances an assets that the customer controls. The progress towards complete satisfaction of performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the services transferred to the customer to date relative to the remaining service promised under the contract, that best depict the Group's performance in transferring control of services. The value of the services transferred to customer to date is measured according to the progress certificate (by reference to the engineering works certified by the customers or their agents). Revenue from the sale of intelligent hardware devices and software for a fixed fee is recognised at a point in time when (or as) the Group transfers control of the assets to the customer.

Value-added services to non-property owners

Value-added services to non-property owners mainly includes (i) reception, order maintenance and cleaning services, such as visitor reception, security and order maintenance, daily utilities and maintenance services and assistance on the pre-sales activities at the pre-sales centre, which are billed on a monthly basis and revenue is recognised over time as the customers simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; and (ii) consultancy services, which are billed based on the pre-determined price calculated under estimated cost plus method and revenue is recognised over time when the services are provided.

Commercial property operation management services

The Group charges pre-opening management service fees at a fixed rate per square metre of project management area per annum. The Group collects fees from providing post-opening operation management services typically as a certain percentage/rate of the operating profit/square metre of the relevant project management area. Revenue from commercial property operation management services is recognised in the amount to which the Group has a right to invoice that corresponds directly with the value of performance completed and revenue is recognised over time when the services are provided.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.18 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset.

2.19 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

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

Government grants relating to income is presented in gross under "Other income" in the consolidated statement of profit or loss and other comprehensive income.

2.20 Impairment of non-financial assets

Property, plant and equipment, right-of-use assets, goodwill, intangible assets and interest in a subsidiary in the statement of financial position of the Company are subject to impairment testing.

Goodwill is tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Corporate assets are allocated to individual cash-generating units, when a reasonable and consistent basis can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose and not be larger than an operating segment.

Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.20 Impairment of non-financial assets *(Continued)*

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's 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.

2.21 Employee benefits

Retirement benefit

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contributions retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries, subject to a certain ceiling.

The municipal and provincial governments undertake to assure the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independent administrated funds managed by the PRC government.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable at the reporting date.

Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

Short-term employee benefits

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

Non-accumulative compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.22 Borrowing costs

Borrowing costs are expensed when incurred.

2.23 Accounting for income tax

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at each reporting date between the carrying amounts of assets and liabilities in the consolidated financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss and does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies the requirements in HKAS 12 "Income Taxes" ("HKAS 12") to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to the lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at each reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.23 Accounting for income tax *(Continued)*

Current tax assets and current tax liabilities are presented in net if, and only if:

(a) the Group has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if:

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM") (i.e. executive directors), who is responsible for allocating resources and assessing performance of the operating segments.

2.25 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the period which the dividends are approved by the Company's shareholders or board of directors, where appropriate.

2.26 Share-based employee compensation

The Group operates restricted shares incentive schemes which is an equity-settled share-based compensation plan under which restricted shares are granted to employees of the Group (including the directors) as part of their remuneration package.

The amount to be expensed as share-based payment expense is determined by reference to the fair value of the restricted shares granted, taking into account all non-vesting conditions associated with the grants on grant date. The total expense is recognised on a straight-line basis over the relevant vesting periods, with a corresponding credit to a "Share-based payment reserve" under equity.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

2.26 Share-based employee compensation *(Continued)*

For those restricted shares which are amortised over the vesting periods, the Group revises its estimates of the number of restricted shares that are expected to ultimately vest based on the vesting conditions at each reporting date. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to share-based payment expense in the current year, with a corresponding adjustment to the share-based payment reserve.

For grant of restricted shares, shares held by the Group's trustee are disclosed as "Shares held for restricted shares incentive scheme" and deducted from equity.

From the perspective of the Company, the grants of its equity instruments to employees of its subsidiaries are made in exchange for their services related to the subsidiaries. Accordingly, the share-based payment expenses are treated as part of the "Interest in a subsidiary" in the Company's statement of financial position.

2.27 Related parties

For the purpose of the consolidated financial statements, a party is considered to be related to the Group if:

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

- (i) has control or joint control of the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group.

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

- (i) the entity and the Group are members of the same group.
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) the entity and the Group are joint ventures of the same third party.
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) the entity is controlled or jointly controlled by a person identified in (a).
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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.

3. ADOPTION OF NEW AND AMENDED HKFRSs AND CHANGES IN ACCOUNTING POLICIES

(i) New and amended HKFRSs that are effective for annual periods beginning on 1 January 2023

In the current year, the Group has applied for the first time the following new and amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2023:

HKFRS 17	Insurance Contracts and related amendments
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

Except for those mentioned below, the adoption of the new and amended HKFRSs had no material impact on how the results and financial position of the Group for the current and prior periods have been prepared and presented.

Amendments to HKAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendments clarify that the initial recognition exemption of deferred tax in HKAS 12 does not apply to transactions that give rise to equal taxable and deductible temporary differences, such as lease contracts that give rise to the recognition of a lease liability and the corresponding right-of-use assets and contracts that give rise to the recognition of decommissioning obligations and corresponding amounts recognised as assets. Instead, entities are required to recognise the related deferred tax asset and liability on initial recognition, with the recognition of any deferred tax asset being subject to the recoverability criteria in HKAS 12.

The Group adopted the amendments from 1 January 2023 and are required to recognise the associated deferred tax assets and liabilities from leases that occurred on or after 1 January 2022. The amendments have no impact on the consolidated financial statements of the Group.

(ii) Issued but not yet effective HKFRSs

The Group has not early applied the following amended HKFRSs which have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]
Amendments to HKAS 21	Lack of exchangeability[2]

[1] Effective for annual periods beginning on or after 1 January 2024
[2] Effective for annual periods beginning on or after 1 January 2025
[3] Effective date to be determined

The directors anticipate that all of the amended HKFRSs will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the amended HKFRSs. These amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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.

(a) Critical accounting judgements

Current and deferred income taxes

As detailed in note 10 to the consolidated financial statements, the Group is subject to corporate income tax in the PRC. Judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different. As at 31 December 2023, the carrying amounts of deferred tax assets are RMB25,787,000 (2022: RMB15,023,000). Details of deferred tax assets are set out in note 26 to the consolidated financial statements.

Deferred tax liabilities have not been recognised as at 31 December 2023 in respect of temporary differences relating to the post-2007 undistributed profits of the PRC subsidiaries of approximately RMB1,216,014,000 (2022: RMB704,553,000) as the Company 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.

Control over Zhangzhou Yijiayuan Chengtou Property Management Company Limited 漳州怡家園城投物業服務有限公司 ("Zhangzhou Yijiayuan Chengtou")*

Although the Group only holds 50% equity interests in Zhangzhou Yijiayuan Chengtou, the Group has the power to appoint and remove the majority members of the board of directors of Zhangzhou Yijiayuan Chengtou and holds more than half of the voting rights by virtue of an agreement with other investors. The management of the Group considered that the Group has sufficiently dominant voting interest to direct the relevant activities of Zhangzhou Yijiayuan Chengtou and therefore has control over Zhangzhou Yijiayuan Chengtou. As a result, Zhangzhou Yijiayuan Chengtou is classified as a subsidiary of the Company.

* The English translation of the name of the company established in the PRC is for reference only. The official name of the company is in Chinese.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(CONTINUED)*

(a) Critical accounting judgements *(Continued)*

Estimation of fair value of customers relationships and recognition of goodwill arising from business combinations

Significant judgements and estimates were involved in the fair value assessment of customers relationships and recognition of goodwill arising from business combinations. These significant judgements and estimates include the adoption of appropriate valuation methodologies and the use of key assumptions in the valuation (mainly including the average annual and long-term growth rates of revenue, profit margin, discount rates and expected useful lives of the property management contracts and customers relationships). Changes in assumptions relating to these factors could result in material adjustments to the carrying amounts of customers relationships and goodwill. See notes 17 and 18 respectively for more details.

(b) Key sources of estimation uncertainties

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimation of impairment of trade and other receivables (excluding prepayments, value-added tax receivables and other tax recoverable), and amounts due from related parties within the scope of ECL under HKFRS 9

The Group follows the guidance of HKFRS 9 to make allowances on items subjects to ECL including trade and other receivables (excluding prepayments, value-added tax receivables and other tax recoverable), and amounts due from related parties, based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at each reporting date as set out in note 2.10. Where the expectation is different from the original estimate, such difference will impact the carrying amounts of trade and other receivables and amounts due from related parties and provision for impairment in the periods in which such estimate has been changed.

As at 31 December 2023, the carrying amounts of trade and other receivables (excluding prepayments, value-added tax receivables and other tax recoverable) and amounts due from related parties are RMB504,135,000 (2022: RMB314,658,000) and RMB50,500,000 (2022: RMB23,164,000), respectively. Details of the provision for ECL allowance of trade and other receivables and amounts due from related parties are set out in notes 20 and 23(a) respectively.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(CONTINUED)*

(b) Key sources of estimation uncertainties *(Continued)*

Estimation of impairment of property, plant and equipment, right-of-use assets and intangible assets

Property, plant and equipment, right-of-use assets and intangible assets are stated at costs less accumulated depreciation or amortisation and impairment loss, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belong. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value of future cash flows projections, used in the impairment test. The carrying amounts of property, plant and equipment, right-of-use assets and intangible assets at the reporting date are set out in notes 14, 15 and 18 to the consolidated financial statements respectively.

Estimation impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 2.20. The recoverable amounts of cash-generating unit have been determined based on value-in-use calculations. These calculations require the use of estimates and assumptions as stated in note 17. These estimates and assumptions relate to future events and circumstances and the actual results may vary and may cause a material adjustment to the carrying amount of goodwill within the next financial year. As at 31 December 2023, the net carrying amount of goodwill is RMB59,634,000 (2022: RMB59,634,000). No impairment was provided during the years ended 31 December 2023 and 2022 (note 17).

Depreciation charges of property, plant and equipment and amortisation of intangible assets

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value, if any. Intangible assets are depreciated on a straight-line basis over the estimated useful lives of the assets. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation and amortisation expenses to be recorded during the year. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The carrying amounts of property, plant and equipment and intangible assets at each reporting date are set out in notes 14 and 18 to the consolidated financial statements.

Determination of the lease term in lease contracts

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension options, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated), which in turn affect the carrying amounts of lease liabilities. During the years ended 31 December 2023 and 2022, all extension options in leases of office premises, car parks and staff quarters have not been included in the calculation of lease liabilities.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(CONTINUED)*

(b) Key sources of estimation uncertainties *(Continued)*

Estimated net realisable value of inventories

Management reviews the net realisable value of inventories at each reporting date and makes provision for items when events or change in circumstances show that the balance of inventories may not be realisable. The assessment of the provision amount involves management judgement and estimates by considering historical consumption and recent market condition. Where the actual outcome is different from the original estimate, such differences will have an impact on the carrying value of the inventories and provision charge/write-back in the period in which such estimate has been changed.

As at 31 December 2023, the carrying amount of the inventories was RMB44,992,000 (2022: RMB39,602,000) (note 19).

5. REVENUE AND SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Group.

During the years ended 31 December 2023 and 2022, the Group is principally engaged in the provision of property management services, commercial property operation management services and value-added services in the PRC. Management reviews the operating results of the business as one operating segment to make about resources to be allocated. Therefore, the CODM of the Company regards that there is only one segment which is monitored to make strategic decision.

Revenue mainly comprises proceeds from property management services, commercial property operation management services and value-added services. An analysis of the Group's revenue by category for the year ended 31 December 2023 is as follows:

	2023 **RMB'000**	2022 RMB'000
Revenue from customers and recognised over time		
Property management services	**1,418,002**	1,036,175
Commercial property operation management services	**69,327**	24,043
Value-added services		
— Community value-added and synergy services	**405,222**	281,943
— Value-added services to non-property owners	**707,149**	754,471
	2,599,700	2,096,632
Revenue from customers and recognised at a point in time		
Community value-added and synergy services	**969,624**	193,841
	3,569,324	2,290,473

Information about major customers

For the year ended 31 December 2023, revenue from entities controlled by Xiamen C&D and its associates contributed to 33.1% (2022: 37.5%) of the Group's revenue. Other than entities controlled by Xiamen C&D and associates of Xiamen C&D, the Group had a large number of customers and none of whom contributed 10% or more of the Group's revenue.

5. REVENUE AND SEGMENT INFORMATION *(CONTINUED)*

Geographical information

The principal operating entities of the Group are domiciled in the PRC. Accordingly, all of the Group's revenue were derived in the PRC during the years ended 31 December 2023 and 2022. As at 31 December 2023 and 2022, substantially all of the specified non-current assets (other than deferred tax assets) of the Group were located in the PRC.

(a) Contract liabilities

The Group recognises the following revenue-related contract liabilities:

	2023	2022
	RMB'000	RMB'000
Property management services	**384,226**	262,506
Community value-added and synergy services	**56,748**	722,625
Value-added services to non-property owners	**5,074**	4,713
Commercial property operation management services	**373**	241
	446,421	990,085

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services are yet to be provided. Such liabilities decreased as a result of recognising revenue from community value-added and synergy services related to advance payments received during or before the year ended 31 December 2022.

(b) Revenue recognised in relation to contract liabilities

The following table shows the revenue recognised during the year ended 31 December 2023 related to brought-forward contract liabilities:

	2023	2022
	RMB'000	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the year		
Property management services	**262,506**	184,030
Community value-added and synergy services	**703,761**	70,690
Value-added services to non-property owners	**4,713**	–
Commercial property operation management services	**241**	–
	971,221	254,720

5. REVENUE AND SEGMENT INFORMATION *(CONTINUED)*

(c) *Unsatisfied performance obligations*

For property management services and commercial property operation management services, the Group recognises revenue in the amount that equals to the right to invoice which correspond directly with the value to the customer of the Group's performance to date on a monthly basis. The Group has elected the practical expedient for not to disclose the remaining performance obligation for these types of contracts. For value-added services to non-property owners, the Group expects that the majority of the contract amounts allocated to unsatisfied performance obligations will be recognised as revenue from providing services during the next reporting period.

For community value-added and synergy services, the transaction price allocated to the remaining unsatisfied or partially satisfied performance obligations as at 31 December 2023 is as follows:

	2023	2022
	RMB'000	RMB'000
Within one year	**136,192**	775,793
More than one year	**74,454**	92,225
	210,646	868,018

6. OTHER INCOME

	2023	2022
	RMB'000	RMB'000
Government subsidy income (note)	**11,976**	13,763
Sundry income	**5,350**	2,678
Gain on early termination of leases	**–**	75
	17,326	16,516

Note:

The amounts represent the subsidies received from the local government bureau in the PRC regarding value-added tax refund, unemployment insurance refunds and subsidies for the operation of elderly-care centre. There were no unfulfilled conditions and other contingencies attached to the receipt of the subsidies.

7. FINANCE INCOME, NET

	2023 RMB'000	2022 RMB'000
Interest income from a related party (note 32)	**44,964**	46,166
Interest income on bank deposit	**33,435**	25,550
Finance income	**78,399**	71,716
Interest charges on lease liabilities	**(2,065)**	(622)
Interest charges on interest-bearing borrowings	**(552)**	(23)
Finance costs	**(2,617)**	(645)
Finance income, net	**75,782**	71,071

8. PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging/(crediting):

	2023 RMB'000	2022 RMB'000
Auditor's remuneration		
— Audit services	**1,035**	1,010
— Non-audit services	**117**	112
Cost of inventories (note)	**456,318**	115,226
Depreciation of property, plant and equipment (note 14)	**11,177**	8,537
Depreciation of right-of-use assets (note 15)	**11,152**	9,254
Amortisation of intangible assets (note 18)	**4,378**	3,321
Written off of property, plant and equipment	**1,103**	381
Written off of intangible assets	**–**	24
Government subsidy income	**(11,976)**	(13,763)
Provision for ECL allowance on trade and other receivables, net	**3,234**	4,591
Loss/(Gain) on early termination of leases	**763**	(75)
Lease charges on short-term leases	**3,535**	9,649
Equity-settled share-based payment (note 36)	**12,550**	15,039

Note:

During the year ended 31 December 2023, the cost of inventories recognised as expenses and included in "Cost of sales" amounted to approximately RMB441,982,000 (2022: RMB109,987,000).

Other contract costs are recognised as expenses and included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income in the year in which revenue is recognised. The amount of capitalised costs recognised in profit or loss during the year ended 31 December 2023 was approximately RMB14,336,000 (2022: RMB5,239,000). There was no impairment in relation to the costs capitalised during the years ended 31 December 2023 and 2022.

9. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2023	2022
	RMB'000	RMB'000
Salaries, bonus and allowances	**1,343,317**	1,162,242
Equity-settled share-based payment	**12,550**	15,039
Retirement benefit scheme contributions	**94,012**	72,496
	1,449,879	1,249,777

10. INCOME TAX EXPENSE

		2023	2022
	Note	**RMB'000**	RMB'000
Current income tax			
PRC Enterprise Income Tax ("EIT")		**185,081**	82,196
Under/(Over)-provision in respect of prior year		**1,173**	(2,548)
		186,254	79,648
Deferred tax	26	**(6,103)**	(6,257)
Total income tax expense		**180,151**	73,391

10. INCOME TAX EXPENSE *(CONTINUED)*

The difference between the actual income tax charge in the consolidated statement of profit or loss and comprehensive income and the amount which would result from applying the enacted tax rate to profit before income tax can be reconciled as follows:

	2023 **RMB'000**	2022 RMB'000
Profit before income tax	**727,495**	324,709
Tax on profit before income tax calculated at the rates applicable to profit in the tax jurisdictions concerned	**171,849**	74,353
Tax effect on non-deductible expenses	**3,790**	1,032
Tax effect on non-taxable income	**(1,452)**	(150)
Tax effect on unrecognised tax losses	**5,466**	1,524
Utilisation of tax loss previously not recognised	**(675)**	(820)
Under/(Over)-provision in respect of prior year	**1,173**	(2,548)
Income tax expense	**180,151**	73,391

Notes:

(a) BVI Income tax

Pursuant to the relevant rules and regulations of the BVI, the Group is not subject to any income tax in the BVI during the years ended 31 December 2023 and 2022.

(b) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group did not derive any assessable profit arising in Hong Kong during the years ended 31 December 2023 and 2022.

(c) PRC EIT

Income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the years ended 31 December 2023 and 2022, based on the existing legislation, interpretations and practices in respect thereof. The statutory tax rate was 25% for the years ended 31 December 2023 and 2022.

Pursuant to the relevant laws and regulation in the PRC, certain of the Group's PRC entities which are qualified as small low-profit enterprises enjoyed a preferential tax rate of 20% (2022: 20%) from 1 January 2023 to 31 December 2023. In addition, in accordance with the "Notice on Preferential Income Tax Policies Applicable to Small Low-profit Enterprises", the small and low-profit enterprises are entitled to a tax concession for 75% and 50% of its taxable income for annual taxable income of less than RMB1,000,000, and the portion that exceeds RMB1,000,000 but does not exceed RMB3,000,000 (inclusive) for the years ended 31 December 2023 and 2022, respectively.

11. DIVIDENDS

The Board recommends the payment of a final dividend of HK$0.16 per share and a special dividend of HK$0.1 per share for the celebration of the third anniversary of the Company's listing, totalling HK$366,149,000 (equivalent to RMB331,811,000) for the year ended 31 December 2023 (2022: final dividend of HK$0.1 per share totalling HK$134,331,000 (equivalent to approximately RMB119,994,000)). The dividends are subject to the approval of shareholders at the forthcoming annual general meeting. Dividends proposed after the reporting date have not been recognised as a liability at the reporting date.

The final dividend for the year ended 31 December 2022 totalling RMB123,712,000 has been paid partly in new shares of the Company and partly in cash in July 2023. The number of ordinary shares settled and issued as scrip dividends was 27,722,910 and the total amount of dividend paid as scrip dividends was RMB88,849,000 while cash dividend amounted to RMB34,863,000.

12. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the years 31 December 2023 and 2022. The earnings per share is calculated using the weighted average number of ordinary shares of 1,324,417,273 (2022: 1,308,321,298) shares issued during the year as follows:

	2023	2022
Profit for the year attributable to equity holders of the Company (RMB'000)	**467,347**	247,212
Weighted average number of ordinary shares in issue (thousands)	**1,324,417**	1,308,321
Basic earnings per share (RMB)	**0.35**	0.19

(b) Diluted earnings per share

The restricted shares granted by the Company have potential dilutive effect on earnings per share. Diluted earnings per shares is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption on the conversion of all potential dilutive ordinary shares arising from restricted shares granted by the Company (collectively forming the denominator for computing the diluted earnings per share).

	2023	2022
Profit for the year attributable to equity holders of the Company (RMB'000)	**467,347**	247,212
Weighted average number of ordinary shares in issue (thousands)	**1,324,417**	1,308,321
Adjustments for restricted shares (thousands)	**50,165**	34,150
Weighted average number of ordinary shares for the calculation of diluted earnings per shares (thousands)	**1,374,582**	1,342,471
Diluted earnings per share (RMB)	**0.34**	0.18

13. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND INDIVIDUALS WITH HIGHEST EMOLUMENTS

(a) Directors' remuneration

Directors' and chief executive's emoluments, disclosed pursuant to the Listing Rules, section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

Name of director	Notes	Fees RMB'000	Basic salaries and allowances RMB'000	Discretionary Bonuses (Notes vi) RMB'000	Retirement benefit scheme contributions RMB'000	Equity settled share-based payment RMB'000	Total RMB'000
Year ended 31 December 2023							
Executive directors:							
Ms. Qiao Haixia	(i),(ii)	**600**	**661**	**1,415**	**82**	**182**	**2,940**
Mr. Huang Danghui	(ii)	**600**	**651**	**630**	**81**	**182**	**2,144**
		1,200	**1,312**	**2,045**	**163**	**364**	**5,084**
Non-Executive directors:							
Mr. Lin Weiguo		**–**	**–**	**–**	**–**	**–**	**–**
Mr. Xu Yixuan	(iii)	**–**	**–**	**–**	**–**	**–**	**–**
		–	**–**	**–**	**–**	**–**	**–**
Independent Non-Executive directors:							
Mr. Lee Chuek Yin Dannis		**135**	**–**	**–**	**–**	**–**	**135**
Mr. Li Kwok Tai James		**135**	**–**	**–**	**–**	**–**	**135**
Mr. Wu Yat Wai		**135**	**–**	**–**	**–**	**–**	**135**
		405	**–**	**–**	**–**	**–**	**405**
Year ended 31 December 2022							
Executive directors:							
Ms. Qiao Haixia	(i),(ii)	600	694	803	35	326	2,458
Mr. Huang Danghui	(ii)	600	678	542	35	326	2,181
		1,200	1,372	1,345	70	652	4,639
Non-Executive directors:							
Mr. Lin Weiguo		–	–	–	–	–	–
Mr. Xu Yixuan	(iii)	–	–	–	–	–	–
Mr. Zhuang Yuekai	(iv)	–	–	–	–	–	–
		–	–	–	–	–	–
Independent Non-Executive directors:							
Mr. Cheung Kwok Kwan	(v)	51	–	–	–	–	51
Mr. Lee Chuek Yin Dannis		103	–	–	–	–	103
Mr. Li Kwok Tai James		103	–	–	–	–	103
Mr. Wu Yat Wai		103	–	–	–	–	103
		360	–	–	–	–	360

13. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND INDIVIDUALS WITH HIGHEST EMOLUMENTS *(CONTINUED)*

(a) Directors' remuneration *(Continued)*

Notes:

(i) Ms. Qiao Haixia is also the chief executive officer of the Group.

(ii) The emoluments of the executive directors of the Group, Ms. Qiao Haixia and Mr. Huang Danghui in relation to their services rendered for the Group for the years ended 31 December 2023 and 2022 were borne by C&D Real Estate and their emoluments were partly allocated to the Group.

(iii) Mr. Xu Yixuan was appointed as a non-executive Director of the Group on 25 August 2022.

(iv) Resigned as the Group's non-executive director on 25 August 2022.

(v) Resigned as the Group's independent non-executive director on 24 June 2022.

(vi) The discretionary bonus is determined by reference to the individual performance of the Directors and performance of the Group as a whole.

The emoluments shown above represent emoluments received by these directors in the capacity as directors/employees of the companies comprising the Group during the years ended 31 December 2023 and 2022.

There were no arrangements under which a director of the Company waived or agreed to waive any remuneration during the years ended 31 December 2023 and 2022.

13. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND INDIVIDUALS WITH HIGHEST EMOLUMENTS *(CONTINUED)*

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include 2 (2022: 2) directors, whose emoluments are reflected in the analysis presented in note 13(a). The emoluments paid to the remaining 3 (2022: 3) individuals during the year are as follows:

	2023 RMB'000	2022 RMB'000
Basic salaries and allowances	**2,006**	1,821
Discretionary bonuses	**2,878**	2,042
Retirement benefit scheme contributions	**195**	100
Equity-settled share-based payment	**407**	669
	5,486	4,632

The emoluments fell within the following bands:

	2023	2022
	Number of individuals	
Emolument bands		
HK$1,000,001–HK$1,500,000	**–**	1
HK$1,500,001–HK$2,000,000	**2**	2
HK$2,500,001–HK$3,000,000	**1**	–
	3	3

During the years ended 31 December 2023 and 2022, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

(c) Senior management personnel

The emoluments paid or payable to member of senior management was within following band:

	2023	2022
	Number of individuals	
Emolument bands		
HK$1,000,001–HK$1,500,000	**1**	1

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
At 1 January 2022				
Cost	20,249	28,870	823	49,942
Accumulated depreciation	(5,675)	(13,246)	(362)	(19,283)
Net book amount	14,574	15,624	461	30,659
Year ended 31 December 2022				
Opening net book amount	14,574	15,624	461	30,659
Additions	2,930	9,861	873	13,664
Acquisition through business combination (note 34(a))	–	149	18	167
Written off	–	(359)	(22)	(381)
Depreciation	(3,041)	(5,370)	(126)	(8,537)
Closing net book amount	14,463	19,905	1,204	35,572
At 31 December 2022 and 1 January 2023				
Cost	23,179	38,521	1,692	63,392
Accumulated depreciation	(8,716)	(18,616)	(488)	(27,820)
Net book amount	14,463	19,905	1,204	35,572
Year ended 31 December 2023				
Opening net book amount	**14,463**	**19,905**	**1,204**	**35,572**
Additions	**18,355**	**9,203**	**538**	**28,096**
Written off	**–**	**(1,047)**	**(56)**	**(1,103)**
Depreciation	**(4,005)**	**(6,939)**	**(233)**	**(11,177)**
Closing net book amount	**28,813**	**21,122**	**1,453**	**51,388**
At 31 December 2023				
Cost	**41,534**	**42,554**	**1,784**	**85,872**
Accumulated depreciation	**(12,721)**	**(21,432)**	**(331)**	**(34,484)**
Net book amount	**28,813**	**21,122**	**1,453**	**51,388**

14. PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

Depreciation expenses were charged to the following categories in the consolidated statement of profit or loss and other comprehensive income:

	2023	2022
	RMB'000	RMB'000
Selling and marketing expenses	**193**	158
Administrative and other operating expenses	**10,984**	8,379
	11,177	8,537

15. RIGHT-OF-USE ASSETS

The carrying amount of the Group's right-of-use assets and the movement during the year ended 31 December 2023 are as follows:

	Buildings	**Car parking space**	**Staff quarter**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
At January 2022	15,973	2,098	2,964	21,035
Additions	4,401	–	5,686	10,087
Depreciation	(5,293)	(2,098)	(1,863)	(9,254)
Early termination	(341)	–	–	(341)
At 31 December 2022 and 1 January 2023	**14,740**	**–**	**6,787**	**21,527**
Additions	**26,094**	**4,867**	**6,635**	**37,596**
Depreciation	**(7,706)**	**(1,619)**	**(1,827)**	**(11,152)**
Early termination	**(2,245)**	**–**	**(3,034)**	**(5,279)**
Lease modification	**1,979**	**61**	**427**	**2,467**
At 31 December 2023	**32,862**	**3,309**	**8,988**	**45,159**

The right-of-use assets represented leases of buildings, car parking space and staff quarter in the PRC. The leases of building, car parking space and staff quarter in the PRC typically run for an initial period of 2 to 20 years. The Group has entered into agreements with the local government department to operate elderly-care centres, in which the lessor provided certain rent-free periods and the rentals would increase progressively by a fixed percentage starting from the year as stipulated in the agreement until the end of the rental period. Certain leases include an option to renew the lease for an additional period after the end of the contract term. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options and concluded that it is not reasonably certain to exercise the extension options. Accordingly, the future lease payments during the extension periods are not included in the measurement of the right-of-use assets.

15. RIGHT-OF-USE ASSETS *(CONTINUED)*

Depreciation expenses were charged to the following categories in the consolidated statement of profit or loss and other comprehensive income:

	2023 RMB'000	2022 RMB'000
Cost of sales	**3,756**	4,004
Administrative and other operating expenses	**7,396**	5,250
	11,152	9,254

16. INTERESTS IN ASSOCIATES

	2023 RMB'000	2022 RMB'000
Cost of investment in associates	**2,450**	2,450
Share of post-acquisition results	**(1,170)**	(1,113)
	1,280	1,337

The details of the associates of the Group as at 31 December 2023 and 2022 are set out below:

Name of company	Form of business structure	Country/place and date of incorporation/establishment and operation	Particulars of registered capital	Proportion of effective interest held	Principal activities
Zhangjiagang City Hexi Property Services Co, Ltd.* ("Zhangjiagang Hexi") 張家港市和璽物業服務有限公司	Incorporated	PRC/ 13 November 2020	RMB1,000,000	49% (2022: 49%)	Property management services
Nanping Huihe Property Management Company Limited* ("Nanping Huihe") 南平市匯禾物業管理有限公司	Incorporated	PRC/ 16 October 2019	RMB5,000,000	49% (2022: 49%)	Property management services
Fuzhou Xintou Yijiayuan Property Management Co., Ltd.* ("Fuzhou Xintou") 福州新投怡家園物業管理有限公司	Incorporated	PRC/ 3 March 2021	RMB6,000,000	49% (2022: 49%)	Property management services

* The English translation of the name of the companies established in the PRC is for reference only. The official names of the companies are in Chinese.

16. INTERESTS IN ASSOCIATES *(CONTINUED)*

Aggregate information of associates that are not individually material:

	2023 **RMB'000**	2022 RMB'000
Carrying amount of individually immaterial associates in the consolidated statement of financial position	**1,280**	1,337
Amount of the Group's share of these associates:		
Loss and total comprehensive expense for the year	**(57)**	(533)

The Group has not incurred any contingent liabilities or other commitments relating to its investments in associates.

The accumulated losses not recognised was RMB2,427,000 (2022: RMB3,078,000) as at 31 December 2023.

17. GOODWILL

	RMB'000
Cost	
At 1 January 2022	30,705
Arising on acquisition through business combination (note)	28,929
At 31 December 2022, 1 January 2023 and 31 December 2023	59,634
Carrying amounts	
At 31 December 2023	**59,634**
At 31 December 2022	59,634

17. GOODWILL *(CONTINUED)*

Note:

During the year ended 31 December 2022, the Group completed the acquisition of a subsidiary (see note 34(a)). Total identifiable net assets of the company as at its respective acquisition date amounted to approximately RMB10,211,000. The excess of the consideration transferred and the amount of the non-controlling interest in the acquires over the fair value of the identifiable net assets acquired is recorded as goodwill.

Goodwill of RMB59,634,000 has been allocated to the cash-generating units ("CGU") of the respective subsidiaries acquired for impairment testing. Management performed an impairment assessment on the goodwill at the reporting date. The recoverable amounts of these subsidiaries are determined based on value in use calculations based on five-year financial budgets. The following table sets forth each key assumptions of the CGUs on which management has based its cash flow projections to undertake impairment testing of goodwill:

	2023	2022
Revenue growth rate during the forecast period	**5%–19%**	5%–19%
Pre-tax discount rate	**8.65%–12.65%**	12.8%
Terminal growth rate	**2%**	2%

Based on management's assessment on the recoverable amounts of the CGUs, no impairment provision was considered necessary as at 31 December 2023 and 2022.

The management believes that any reasonably possible changes in the key assumptions would not cause the carrying amounts of CGUs to exceed the recoverable amounts of the CGUs as at 31 December 2023 and 2022.

18. INTANGIBLE ASSETS

	Computer software RMB'000	Customers relationship RMB'000	Total RMB'000
Year ended 31 December 2022			
Opening net book amount	109	9,960	10,069
Additions	3,476	–	3,476
Written off	(24)	–	(24)
Arising on acquisition through business combination (note 34(a))	–	6,364	6,364
Amortisation	(75)	(3,246)	(3,321)
Closing net book amount	3,486	13,078	16,564
At 1 January 2023			
Cost	3,573	17,729	21,302
Accumulated amortisation	(87)	(4,651)	(4,738)
Net book amount	3,486	13,078	16,564
Year ended 31 December 2023			
Opening net book amount	**3,486**	**13,078**	**16,564**
Additions	**2,204**	**–**	**2,204**
Amortisation	**(766)**	**(3,612)**	**(4,378)**
Closing net book amount	**4,924**	**9,466**	**14,390**
At 31 December 2023			
Cost	**5,777**	**17,729**	**23,506**
Accumulated amortisation	**(853)**	**(8,263)**	**(9,116)**
Net book amount	**4,924**	**9,466**	**14,390**

Amortisation was charged to the following categories in the consolidated statement of profit or loss and other comprehensive income:

	2023 RMB'000	2022 RMB'000
Cost of sales	**3,612**	3,246
Administrative expenses	**766**	75
	4,378	3,321

19. INVENTORIES

	2023 RMB'000	2022 RMB'000
Finished goods	**19,260**	11,016
Other contract costs	**25,732**	28,586
	44,992	39,602

Finished goods mainly represent intelligent hardware devices, software products and construction materials.

Other contract costs relate to fulfillment costs that generates or enhances resources of the Group that will be used in satisfying performance obligations and expected to be recovered.

20. TRADE AND OTHER RECEIVABLES

	Notes	2023 RMB'000	2022 RMB'000
Trade receivables			
— Third parties		**229,641**	169,563
— Related parties		**175,366**	81,561
		405,007	251,124
Less: Provision for ECL allowance of trade receivables		**(14,274)**	(10,301)
	(a)	**390,733**	240,823
Other receivables			
Deposits		**23,781**	17,787
Prepayments		**32,775**	34,587
Other receivables		**24,923**	29,113
Amounts due from non-controlling interests		**32,400**	–
Payments on behalf of property owners		**35,267**	30,643
Value-added tax receivables		**4,847**	8,857
		153,993	120,987
Less: Provision for ECL allowance of other receivables		**(2,969)**	(3,708)
	(b)	**151,024**	117,279
		541,757	358,102

20. TRADE AND OTHER RECEIVABLES *(CONTINUED)*

(a) Trade receivables

Trade receivables mainly arise from property management services and commercial property operation management services managed under lump-sum basis and value-added services.

Property management services and commercial property operation management services income under lump-sum basis are received in accordance with the term of the relevant property service agreements. Service income from property management services and commercial property operation management services are due for payment by property owners upon rendering of services.

Income from value-added services other than smart community services are received in accordance with the terms of the relevant services agreements, and due for payment upon the issuance of invoice. Smart community services income are received in accordance with the terms of the relevant service agreements, and the Group normally allows credit period ranged from 5 days to 60 days to its customers.

The Group did not hold any collateral as security or other credit enhancements over the impaired trade receivables, whether determined on an individual or collective basis.

The ageing analysis of trade receivables, net of ECL allowance, based on invoice date, is as follows:

	2023 **RMB'000**	2022 RMB'000
0–180 days	**283,359**	185,661
181–365 days	**69,300**	34,226
1–2 years	**31,348**	16,597
2–3 years	**4,966**	3,301
3–4 years	**1,573**	755
4–5 years	**187**	283
	390,733	240,823

(b) Other receivables

The balances mainly represent the payments on behalf of property owners in respect of utilities and maintenance costs of the properties.

Further details of the Group's credit policy and credit risk arising from trade and other receivables are set out in note 37.2.

21. CASH AND CASH EQUIVALENTS

	2023 RMB'000	2022 RMB'000
Cash at banks and on hand	**2,968,290**	2,736,048
Less: Restricted bank deposits (note)	**(15,895)**	(32,929)
	2,952,395	2,703,119

Note: As at 31 December 2023 and 2022, restricted bank deposits mainly represent the deposits in banks as the maintenance fund held on behalf of the residents according to the requirements of local government authorities and designated bank account for the operation of elderly-care centre.

As at 31 December 2023, included in cash and cash equivalents of the Group of RMB2,917,727,000 (2022: RMB2,384,359,000) is denominated in RMB and placed with banks in the PRC.

RMB is not a freely convertible currency in the international market and its exchange rate is determined by the People's Bank of China. The conversion of RMB into foreign currencies and remittance of RMB out of the PRC is subject to the rules and regulations of the foreign exchange control promulgated by the PRC government.

22. TRADE AND OTHER PAYABLES

	Notes	2023 RMB'000	2022 RMB'000
Trade payables			
— Third parties		**348,189**	152,897
— Related parties		**5,687**	938
	(a)	**353,876**	153,835
Other payables			
Accrued charges and other payables		**68,960**	95,227
Amounts collected on behalf of property owners		**176,917**	133,264
Deposit received		**211,211**	156,144
Value-added tax payable		**68,689**	94,846
Other tax payable		**7,164**	3,380
Staff costs and welfare accruals		**281,993**	235,177
Payable in relation to the restricted shares incentive schemes (note 36)		**113,519**	69,307
	(b)	**928,453**	787,345
		1,282,329	941,180

22. TRADE AND OTHER PAYABLES *(CONTINUED)*

(a) The credit terms of trade payables vary according to the terms agreed with different suppliers. The ageing analysis of the trade payables based on invoice date, is as follows:

	2023	2022
	RMB'000	RMB'000
0 to 30 days	**205,034**	88,057
31 to 60 days	**56,121**	12,380
61 to 90 days	**22,216**	6,608
Over 90 days	**70,505**	46,790
	353,876	153,835

(b) Other payables
The balances mainly include accrued expenses, deposits received and temporarily received from property owners to be paid to related service providers.

23. AMOUNTS DUE FROM/(TO) RELATED PARTIES

(a) Amounts due from related parties

	2023	2022
	RMB'000	RMB'000
Companies controlled by Xiamen C&D	**50,500**	23,164

(b) Amounts due to related parties

	2023	2022
	RMB'000	RMB'000
Companies controlled by Xiamen C&D	**1,565**	126

As at 31 December 2023 and 2022, the amounts due from/(to) related parties are unsecured, interest-free and repayable on demand.

The amounts due from subsidiaries in the statement of financial position of the Company are unsecured, interest-free and repayable on demand.

24. INTEREST-BEARING BORROWINGS

	2023 RMB'000	2022 RMB'000
Non-current		
Bank borrowings, unsecured	**18,250**	8,500
Current		
Bank borrowings, unsecured	**1,353**	1,500
	19,603	10,000

At 31 December 2023 and 2022, the Group's bank borrowings were repayable as follows:

	2023 RMB'000	2022 RMB'000
Carrying amount repayable (Note)		
Within one year	**1,353**	1,500
In the second year	**1,278**	3,000
In the third to fifth years	**4,367**	5,500
After the fifth years	**12,605**	–
Total carrying amount	**19,603**	10,000
Less: Amount due within one year	**(1,353)**	(1,500)
Carrying amount shown under non-current liabilities	**18,250**	8,500

Note: The amounts are based on the scheduled repayment dates set out in the loan agreements.

As at 31 December 2023 and 2022, the bank borrowings were guaranteed by C&D Real Estate, the intermediate holding company of the Group.

As at 31 December 2023, the bank borrowings bear an effective interest rate 3.1%–3.4% per annum (2022: 3.5% per annum).

25. LEASE LIABILITIES

The following tables show the remaining contractual maturities of the Group's lease liabilities:

	2023 RMB'000	2022 RMB'000
Total minimum lease payments:		
Within 1 year	**9,206**	3,827
After 1 year but within 2 years	**7,382**	3,012
After 2 years but within 5 years	**3,899**	2,190
After 5 years	**34,710**	11,931
	55,197	20,960
Future finance charge on lease liabilities	**(12,412)**	(5,381)
Present value of lease liabilities	**42,785**	15,579

	2023 RMB'000	2022 RMB'000
Present value of minimum lease payments:		
Within 1 year	**8,073**	3,607
After 1 year but within 2 years	**7,262**	3,082
After 2 years but within 5 years	**3,603**	1,803
After 5 years	**23,847**	7,087
	42,785	15,579
Less: Portion due within one year included under current liabilities	**(8,073)**	(3,607)
Portion due after one year included under non-current liabilities	**34,712**	11,972

During the year ended 31 December 2023, the total cash outflows for the leases is RMB13,941,000 (2022: RMB18,533,000).

26. DEFERRED TAXATION

The amounts recognised in the consolidated statement of financial position are as follows:

	2023 **RMB'000**	2022 RMB'000
Deferred tax assets recognised in the consolidated statement of financial position	**25,787**	15,023
Deferred tax liabilities recognised in the consolidated statement of financial position	**(13,222)**	(7,937)
Net deferred tax assets	**12,565**	7,086

The movement of net deferred tax assets is as follows:

	2023 **RMB'000**	2022 RMB'000
At the beginning of the year	**7,086**	(228)
Credited to profit or loss (note 10)	**6,103**	6,257
Acquisition through business combination (note 34(a))	**–**	433
(Charged)/Credited to statement of change in equity	**(624)**	624
At the end of the year	**12,565**	7,086

The movements in deferred tax assets and liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred tax assets

	Tax losses **RMB'000**	**Impairment loss on trade and other receivables** **RMB'000**	**Share-based payments and others** **RMB'000**	**Total** **RMB'000**
At 1 January 2022	4,137	2,356	620	7,113
Credited/(Charged) to profit or loss	(1,065)	1,146	5,181	5,262
Acquisition through business combination (note 34(a))	2,024	–	–	2,024
Credited to statement of change in equity	–	–	624	624
At 31 December 2022 and 1 January 2023	**5,096**	**3,502**	**6,425**	**15,023**
Credited/(Charged) to profit or loss	**(778)**	**834**	**11,332**	**11,388**
Charged to statement of change in equity	**–**	**–**	**(624)**	**(624)**
At 31 December 2023	**4,318**	**4,336**	**17,133**	**25,787**

26. DEFERRED TAXATION *(CONTINUED)*

Deferred tax liabilities

	Fair value adjustments arising on business combination RMB'000	Right-of-use assets RMB'000	Withholding tax RMB'000	Total RMB'000
At 1 January 2022	(4,423)	–	(2,918)	(7,341)
Credited to profit or loss	995	–	–	995
Acquisition through business combination (note 34(a))	(1,591)	–	–	(1,591)
At 31 December 2022 and 1 January 2023	(5,019)	–	(2,918)	(7,937)
Credited/(Charged) to profit or loss	**1,007**	**(6,292)**	**–**	**(5,285)**
At 31 December 2023	**(4,012)**	**(6,292)**	**(2,918)**	**(13,222)**

Pursuant to the EIT Law of the PRC, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by the subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

As at 31 December 2023, deferred tax liabilities have not been recognised in respect of temporary differences relating to the post-2007 profits earned by the PRC subsidiaries amounting to approximately RMB1,216,014,000 (2022: RMB704,553,000) because the Group controls the dividend policy of these subsidiaries and it is not probable that the temporary differences will reverse in the foreseeable future.

As at 31 December 2023, the Group has not recognised deferred tax assets in respect of tax losses of approximately RMB12,837,000 (2022: RMB10,603,000). Of the total unrecognised tax losses, approximately RMB53,787,000 (2022: RMB42,411,000) may be carried forward for 5 years from the year of incurring the loss. No deferred tax asset has been recognised in respect of those tax losses due to the unpredictability of future profit streams.

27. SHARE CAPITAL

	2023 Number of shares	2023 HK$'000	2022 Number of shares	2022 HK$'000
Authorised				
At 1 January and 31 December	**3,000,000,000**	**30,000**	3,000,000,000	30,000

	Notes	Number of shares	Nominal value of shares HK$	Equivalent nominal value of shares RMB'000
Issued and fully paid				
At 1 January 2022, 31 December 2022 and 1 January 2023		1,336,261,106	13,363,000	11,286
Issuance of shares in respect of scrip dividend	(a)	27,722,910	277,000	255
Issuance of shares for restricted share incentive scheme (note 36)	(b)	44,280,000	443,000	400
At 31 December 2023		**1,408,264,016**	**14,083,000**	**11,941**

Note:

(a) On 30 March 2023, the board of directors declared the final dividend of HK$0.1 per share (equivalent to approximately RMB0.093 per share) for the year ended 31 December 2022. The shareholders were provided with an option to receive the final dividend in form of scrip dividend. On 7 July 2023, 27,722,910 shares were issued at an issue price of HK$3.48 per share to shareholders who elected to receive share in lieu of cash dividends pursuant to a scrip dividend scheme, totalling HK$96,476,000 (equivalent to RMB88,849,000).

(b) On 28 March 2023 and 28 December 2023, the Company issued 7,050,000 and 37,230,000 restricted shares at a price of HK$2.41 and HK$1.87 respectively, and recorded an amount of HK$86,611,000 (equivalent to RMB78,138,000) received from participants, which was included in other payables as payables in relation to restricted share incentive scheme.

28. RESERVES

(a) Statutory reserve

In accordance with the relevant laws and regulations for the companies incorporated in the PRC now comprising the Group, it is required to appropriate 10% of its annual statutory net profit determined in accordance with China Accounting Standards for Enterprises issued by the Ministry of Finance of PRC, after offsetting any prior years' losses, to the statutory reserve. When the balance of such a reserve reaches 50% of the registered capital of the respective company, any further appropriation is at the discretion of shareholders. The statutory reserve can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing shareholding or by increasing the par value of the shares currently held by them, provided that the remaining balance of the reserve after such an issue is not less than 25% of registered capital. The statutory reserve is non-distributable.

(b) Other reserve

Other reserve mainly included the dividends received from the companies indirectly owned by C&D International Investment Group Limited prior the reorganisation ("Reorganisation") described in the Listing Document (the "Excluded Companies"), the excess of proceeds from the equity transfers of the Excluded Companies over the share capital of Excluded Companies and the excess of investments cost over the share capital of the common control entities. It also resulted from the disposal of ownership interest in a subsidiary without change of control which represents the difference between the fair value of the considerations received and the carrying amount of the net assets attributable to the disposal ownership interest in a subsidiary to non-controlling interests.

(c) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. Movements in this account are set out in the consolidated statement of changes in equity.

(d) Shares held for restricted shares incentive scheme

Shares held for restricted shares incentive scheme are determined using the grant price value of restricted shares that have been granted, which are held by the Group's trustee.

(e) Share premium

The share premium account of the Group represents the premium arising from the issuance of shares of the Company at premium.

(f) Share-based payment reserve

The share-based payment reserve represents the difference between the market price value at the grant date and grant price value of the restricted shares granted to employees and is dealt with in accordance with the accounting policy set out in note 2.26.

29. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2023 RMB'000	2022 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Interest in a subsidiary		**30,037**	17,487
Current assets			
Deposit and prepayment		**187**	184
Amounts due from subsidiaries		**499,239**	172,813
Cash and cash equivalents		**34,621**	318,714
		534,047	491,711
Current liabilities			
Accrued charges and other payables		**115,230**	74,824
		115,230	74,824
Net current assets		**418,817**	416,887
Net assets		**448,854**	434,374
Equity			
Share capital	27	**11,941**	11,286
Reserves (note)		**436,913**	423,088
Total equity		**448,854**	434,374

Approved and authorised for issue by the board of directors on 21 March 2024.

Qiao Haixia
Director

Huang Danghui
Director

29. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(CONTINUED)*

Note: Movements of the Company's reserves

	Shares held for restricted shares incentive scheme RMB'000	Share premium RMB'000	Share-based payment reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2022	(56,086)	500,084	2,480	554	(4,804)	442,228
Loss and total comprehensive expense for the year	–	–	–	–	(8,612)	(8,612)
Currency translation differences	–	–	–	38,876	–	38,876
2021 final dividend approval and paid	–	(68,565)	–	–	–	(68,565)
Issuing of restricted shares under restricted share incentive scheme (note 36)	–	–	15,039	–	–	15,039
Restricted shares forfeited	2,449	1,673	–	–	–	4,122
At 31 December 2022 and 1 January 2023	**(53,637)**	**433,192**	**17,519**	**39,430**	**(13,416)**	**423,088**
Loss and total comprehensive expense for the year	**–**	**–**	**–**	**–**	**(960)**	**(960)**
Currency translation differences	**–**	**–**	**–**	**12,914**	**–**	**12,914**
2022 final dividend approval and paid	**–**	**(123,712)**	**–**	**–**	**–**	**(123,712)**
Issuance of shares in respect of scrip dividend	**–**	**88,594**	**–**	**–**	**–**	**88,594**
Issuing of restricted shares under restricted share incentive scheme (note 36)	**(78,138)**	**77,738**	**–**	**–**	**–**	**(400)**
Employee share-based payments	**–**	**–**	**12,550**	**–**	**–**	**12,550**
Vesting of awarded shares under restricted shares inventive scheme	**23,792**	**–**	**–**	**–**	**–**	**23,792**
Restricted shares forfeited	**663**	**384**	**–**	**–**	**–**	**1,047**
At 31 December 2023	**(107,320)**	**476,196**	**30,069**	**52,344**	**(14,376)**	**436,913**

30. PARTICULARS OF SUBSIDIARIES

Details of the principal subsidiaries, each of which is a limited liability company, at 31 December 2023 and 2022 are as follows:

Name of company	Country/place and date of incorporation/ establishment and operation	Type of legal entity	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
Directly held by the Company					
Li Chi (Hong Kong) Limited 利馳(香港)有限公司	Hong Kong/ 6 June 2016	Limited liability company	HK$10,000	100% (2022: 100%)	Investment holding
Xiamen Lirong Investment Management Limited* 廈門利融投資管理有限公司	The PRC/ 4 July 2016	Limited liability company	RMB30,000,000	100% (2022: 100%)	Enterprises management consultancy services

30. PARTICULARS OF SUBSIDIARIES *(CONTINUED)*

Name of company	Country/place and date of incorporation/ establishment and operation	Type of legal entity	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
Indirectly held by the Company					
Xiamen Yirui Investment Management Limited* 廈門益睿投資管理有限公司	The PRC/ 19 July 2016	Limited liability company	RMB100,000,000	100% (2022: 100%)	Enterprises management consultancy services
C&D Property Service Group Limited* 建發物業服務集團有限公司	The PRC/ 1 March 2018	Limited liability company	RMB50,000,000	100% (2022: 100%)	Property management services
Xiamen Zhaozhi Intelligent Technology Company Limited* 廈門兆智智能科技有限公司	The PRC/ 14 December 2020	Limited liability company	RMB50,000,000	75% (2022: 75%)	Provision of community value-added and synergy service
Xiamen Bairui Health Industry Company Limited* 廈門市佰睿健康產業有限公司	The PRC/ 20 July 2018	Limited liability company	RMB50,000,000	80% (2022: 80%)	Provision of elderly-care and health value-added services
Xiamen C&D Gongjian Property Management Company Limited* 廈門建發公建物業管理有限公司	The PRC/ 29 June 2018	Limited liability company	RMB50,000,000	100% (2022: 100%)	Property management services, provision of community value-added and synergy services and value-added services to non-property owners
Yijiayuan (Xiamen) Property Management Company Limited* 怡家園(廈門)物業管理有限公司	The PRC/ 17 February 2005	Limited liability company	RMB50,000,000	100% (2022: 100%)	Property management services, provision of community value-added and synergy services and value-added services to non-property owners
Chengdu Yijiayuan Property Management Company Limited* 成都怡家園物業管理有限公司	The PRC/ 5 March 2010	Limited liability company	RMB3,100,000	100% (2022: 100%)	Property management services
Putian Yirui Property Management Company Limited* 莆田怡瑞物業管理有限公司	The PRC/ 6 March 2019	Limited liability company	RMB1,000,000	100% (2022: 100%)	Property management services
Huijia (Xiamen) Property Management Company Limited* 匯嘉(廈門)物業管理有限公司	The PRC/ 2 June 1995	Limited liability company	RMB5,000,000	100% (2022: 100%)	Property management services, provision of community value-added and synergy services and value-added services to non-property owners
Xiamen Zaijiayiju Information Technology Company Limited* 廈門在家怡居信息科技有限公司	The PRC/ 28 April 2015	Limited liability company	RMB4,000,000	100% (2022: 100%)	Provision of community value-added and synergy services
Xiamen Jiashanju Construction Decoration Engineering Company Limited* 廈門迦善居建築裝修工程有限公司	The PRC/ 10 September 2021	Limited liability company	RMB5,000,000	65% (2022: 65%)	Home beauty services
Xiamen Huilingju Construction Decoration Engineering Company Limited* 廈門薈淩居建築裝修工程有限公司	The PRC/ 10 September 2021	Limited liability company	RMB5,000,000	73% (2022: 73%)	Home beauty services

* The English translation of the names of the companies established in the PRC are for reference only. The official names of these companies are in Chinese.

30. PARTICULARS OF SUBSIDIARIES *(CONTINUED)*

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, results in particulars of excessive length.

During the year ended 31 December 2023 and 2022, there was no non-controlling interest of the individual subsidiaries was significant to the Group and thus the individual financial information of these subsidiaries were not disclosed.

31. COMMITMENTS

Lease commitments — as lessee

As of the reporting date, the lease commitments for short-term leases are as follows:

	2023	2022
	RMB'000	RMB'000
Within one year	**12,228**	6,286

32. MATERIAL RELATED PARTY TRANSACTIONS

The Group's accounting policies on related parties are disclosed in note 2.27. In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, the Group had the following material related party transactions.

(a) During the years ended 31 December 2023 and 2022, the transactions with related parties of the Group carried in the ordinary course of business are as follows:

	2023 **RMB'000**	2022 RMB'000
Revenue from provision of property management services		
Ultimate holding company	**3,123**	3,120
Companies controlled by immediate holding company	**90,145**	27,233
Companies controlled by Xiamen C&D	**55,309**	55,047
Associates of Xiamen C&D	**8,307**	4,311
Revenue from provision of community value-added and synergy services		
Ultimate holding company	**8,208**	7,634
Companies controlled by immediate holding company	**252,225**	81,964
Companies controlled by Xiamen C&D	**31,673**	7,404
Associates of Xiamen C&D	**19,048**	7,025
Revenue from provision of value-added services to non-property owners		
Companies controlled by immediate holding company	**558,900**	523,255
Companies controlled by Xiamen C&D	**16,957**	37,373
Associates of Xiamen C&D	**88,888**	87,634
Revenue from provision of commercial property operation management services		
Companies controlled by immediate holding company	**8,210**	1,454
Companies controlled by Xiamen C&D	**38,853**	14,537
Interest income received from related parties		
Immediate holding company (note 7)	**44,964**	46,166

32. MATERIAL RELATED PARTY TRANSACTIONS *(CONTINUED)*

(a) During the years ended 31 December 2023 and 2022, the transactions with related parties of the Group carried in the ordinary course of business are as follows *(Continued)*:

	2023 **RMB'000**	2022 RMB'000
Rentals paid for lease liabilities		
Ultimate holding company	**5,175**	3,938

The prices for the above service fees and other transactions were determined in accordance with the terms mutually agreed by the contract parties.

(b) **Key management personnel remuneration**

Key management of the Group are members of the board of directors and senior management. Included in employee benefit expenses are key management personnel remuneration which includes the following expenses:

	2023 **RMB'000**	2022 RMB'000
Fees	**1,200**	1,200
Salaries and allowances	**1,798**	1,866
Discretionary bonuses	**2,419**	1,839
Retirement benefit scheme contributions	**202**	107
Equity-settled share-based payment	**405**	767
	6,024	5,779

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities

The tables below set out the reconciliation of liabilities arising from financing activities.

	Amounts due to related parties	
	2023	2022
	RMB'000	RMB'000
At the beginning of the year	**126**	1,775
Cash flows:		
— Repayments	**(125)**	(1,649)
— Proceeds	**1,564**	–
At the end of the year	**1,565**	126

	Lease liabilities	
	2023	2022
	RMB'000	RMB'000
At the beginning of the year	**15,579**	14,170
Cash flows:		
— Capital element of lease payments paid	**(8,341)**	(8,262)
— Interest element of lease payments paid	**(2,065)**	(622)
Non-cash:		
— Interest expenses (note 7)	**2,065**	622
— Entering into new lease	**37,596**	10,087
— Modification	**2,467**	–
— Early termination	**(4,516)**	(416)
At the end of the year	**42,785**	15,579

	Interest-bearing borrowings	
	2023	2022
	RMB'000	RMB'000
At the beginning of the year	**10,000**	–
Cash flows:		
— Proceeds from interest-bearing borrowings	**10,000**	10,000
— Repayments of interest-bearing borrowings	**(397)**	–
— Interest element of interest-bearing borrowings paid	**(552)**	(23)
Non-cash:		
— Interest expenses (note 7)	**552**	23
At the end of the year	**19,603**	10,000

34. BUSINESS COMBINATIONS

(a) Acquisition of Xiamen Haoyi Property Management Co., Ltd.* (廈門豪億物業管理有限公司) ("Xiamen Haoyi")

In February 2022, the Group had entered into share transferred agreement to acquire an 100% equity interest of Xiamen Haoyi, a company whose principally activity is provision of property management services for residential properties in the PRC. The consideration for the acquisition was approximately RMB39,140,000 and the acquisition was completed on 30 March 2022. The acquisition was made with the aims to enhance the business scale of the Group and expand market scope of the property management services of the Group.

Details of the aggregate fair values of the identifiable assets and liabilities of Xiamen Haoyi as at the date of acquisition are as follows:

	Xiamen Haoyi RMB'000
Property, plant and equipment (note 14)	167
Deferred tax assets (note 26)	2,024
Intangible assets (note 18)	6,364
Inventory	8
Trade and other receivables	7,130
Cash and cash equivalents	13,636
Trade and other payables	(11,374)
Contract liabilities	(2,311)
Income tax payable	(3,842)
Deferred tax liabilities (note 26)	(1,591)
Net assets acquired	10,211
Less: cash consideration	(39,140)
Goodwill (note 17)	28,929
Cash consideration paid	(39,140)
Cash and cash equivalents acquired	13,636
Cash outflow arising on acquisition through business combination	(25,504)

Since the acquisition date, Xiamen Haoyi had contributed RMB12,821,000 and RMB311,000 to the Group's revenue and profit for the year ended 31 December 2022. If the acquisition had occurred on 1 January 2022, consolidated pro-forma revenue and profit for the year ended 31 December 2022 would had been approximately RMB2,301,385,000 and RMB253,430,000 respectively.

Goodwill arose from the acquisition of Xiamen Haoyi because the consideration paid included amounts in relation to the revenue growth and future market development of the business acquired. These benefits were not recognised separately from goodwill, because they did not meet the recognition criteria for identifiable intangible assets. Goodwill arising from the acquisitions were not expected to be deductible for tax purpose.

35. CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT CHANGE OF CONTROL

During the year ended 31 December 2022, Xiamen Yirui Investment Management Limited* (廈門益睿投資管理有限公司) ("Xiamen Yirui"), an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Xiamen Yi Yue Property Company Limited* (廈門益悦置業有限公司) ("Yi Yue"), a fellow subsidiary of the Company, for the disposal of 25% equity interests in Xiamen Zhaohui Internet Technology Co., Ltd.* (廈門兆慧網絡科技有限公司) ("Xiamen Zhaohui") and its subsidiary at a cash consideration of approximately RMB3,393,000. After the completion of the disposal, Xiamen Zhaohui and its subsidiary are held by Xiamen Yirui and Yi Yue as to 75% and 25%, respectively. As such, Xiamen Zhaohui and its subsidiary remain indirect subsidiaries of the Company and their financial results continue to be consolidated in the consolidated financial statements of the Company.

36. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

Pursuant to the restricted share incentive scheme in 2021 (the "Restricted Share Incentive Scheme 2021") and 2023 (the "Restricted Share Incentive Scheme 2023"), 28,250,000 and 7,050,000, and 37,230,000 restricted shares were granted to the selected participants in 2021 and 2022, and 2023 respectively.

The selected participants are entitled to the related distribution derived from the relevant restricted shares during the period from the date of the issue of the restricted shares to the vesting date (both dates inclusive) of such restricted shares, which shall however only be vested by the selected participants on the vesting date subject to fulfilment of vesting conditions of the restricted shares.

The selected participants include certain directors of the Company, certain members of senior management and employees of the Group who subscribed for the restricted shares at HK$2.41 per share under the terms of the Restricted Share Incentive Scheme 2021 and HK$1.87 per share under the terms of the Restricted Share Incentive Scheme 2023.

Under the terms of the restricted share incentive schemes, if the vesting conditions: (a) performance target of the Company and (b) individual performance evaluation requirement on selected participants are fulfilled, the restricted shares shall be vested by 40%, 30% and 30% on each of the vesting period, respectively. During the year ended 31 December 2023, 300,000 (2022: 1,150,000) unvested restricted shares were forfeited as certain vesting conditions were not fulfilled, and 10,760,000 restricted shares were vested upon the fulfilment of vesting conditions (2022: Nil).

For the selected participants who do not meet the vesting conditions, the unvested restricted shares remaining at the end of the Restricted Share Incentive Scheme are to be forfeited.

	2023	2022
Number of restricted shares		
As at 1 January	**34,150,000**	28,250,000
Granted during the year	**37,230,000**	7,050,000
Forfeited during the year	**(300,000)**	(1,150,000)
Vested during the year	**(10,760,000)**	–
As at 31 December	**60,320,000**	34,150,000

36. EQUITY-SETTLED SHARE-BASED TRANSACTIONS *(CONTINUED)*

The fair value of the restricted shares issued was assessed based on the market price of the Company's shares at the respectively grant date. The expected dividends and time value of money for the expected dividends during the vesting period were taken into account when assessing the fair value of the restricted shares. The weighted average fair value of restricted shares granted during the year ended 31 December 2023 was approximately HK$1.86 per share (equivalent to RMB1.67 per share) (2022: HK$2.13 per share (equivalent to RMB1.83 per share)).

During the year ended 31 December 2023, the Group's trustee transferred 10,760,000 ordinary shares of the Company (2022: Nil) to the share awardees upon vesting of the awarded shares.

The Group recognised the expense of RMB12,550,000 (2022: RMB15,039,000) for the year ended 31 December 2023 in relation to the restricted share incentive schemes.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include credit risk, liquidity risk and market risk (including interest rate risk and foreign currency risk).

The Group's overall risk management strategy seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group and approved by the board of directors.

37.1 Categories of financial assets and liabilities

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and financial liabilities:

	2023 **RMB'000**	2022 RMB'000
Financial assets		
Financial assets at amortised cost		
— Trade and other receivables	**504,135**	314,658
— Amounts due from related parties	**50,500**	23,164
— Restricted bank deposits	**15,895**	32,929
— Cash and cash equivalents	**2,952,395**	2,703,119
	3,522,925	3,073,870
Financial liabilities		
Financial liabilities measured at amortised cost		
— Trade and other payables	**1,092,957**	773,647
— Amounts due to related parties	**1,565**	126
— Lease liabilities	**42,785**	15,579
— Interest-bearing borrowings	**19,603**	10,000
	1,156,910	799,352

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(CONTINUED)*

37.2 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group is exposed to credit risk in relation to its cash and cash equivalents, restricted bank deposits, trade and other receivables and amounts due from related parties. The Group's maximum exposure to credit risk in relation to financial assets is limited to their carrying amounts as disclosed in note 37.1.

(i) Trade receivables — Third parties

The Group has a large number of customers and there was no concentration of credit risk. Credit risks mainly arise from credit exposure from property owners and third-party non-property owner customers with no credit terms except for the customers of smart community services with credit period ranged from 5 to 60 days, and related party customers with no credit terms. The Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. In addition, the Group reviews the recoverability of these receivables at the reporting date based on historical settlements records and experience and adjusts for forward-looking information, to ensure that adequate impairment losses are made for irrecoverable amounts.

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables has been grouped based on shared credit risk characteristics and the past due status. The ECL model also incorporate forward-looking information.

(ii) Trade receivables — Related parties

The Group expects that the credit risk associated with amounts due from related parties are considered to be low after considering the factors as set out in note 2.10, since related parties have a strong capacity to meet their contractual cash flow obligations in the near term. Thus, the impact of ECL is insignificant to the consolidated financial statements. During the year ended 31 December 2023, RMBNil (2022: RMBNil) ECL allowance was provided to trade receivables with related parties.

(iii) Other receivables other than amounts due from related parties

For other receivables other than amounts due from related parties, management makes periodic collective assessments on the recoverability of other receivables based on historical settlement records and past experience. The directors believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables. Thus, ECL recognised during the year presented was limited to 12-month ECL and the ECL model also incorporates forward-looking information.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(CONTINUED)*

37.2 Credit risk *(Continued)*

(iii) Other receivables other than amounts due from related parties (Continued)

The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit loss. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

— internal credit rating based on historical information;

— actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;

— actual or expected significant changes in the operating results of the debtor;

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

As at 31 December 2023 and 2022, the loss allowance provisions on third parties trade receivables were determined, based on due date, as follows.

	As at 31 December 2023				As at 31 December 2022			
	Expected loss rate	**Gross carrying amount RMB'000**	**Loss allowance provision RMB'000**	**Net carrying amount RMB'000**	Expected loss rate	Gross carrying amount RMB'000	Loss allowance provision RMB'000	Net carrying amount RMB'000
Trade receivables — third parties								
Within 1 year	3%	**183,992**	**(4,878)**	**179,114**	5%	146,597	(7,315)	139,282
1 to 2 years	16%	**35,104**	**(5,503)**	**29,601**	7%	16,794	(1,137)	15,657
2 to 3 years	24%	**6,460**	**(1,559)**	**4,901**	22%	4,240	(939)	3,301
3 to 4 years	51%	**3,193**	**(1,620)**	**1,573**	32%	1,099	(355)	744
4 to 5 years	80%	**892**	**(714)**	**178**	51%	566	(288)	278
Over 5 years	N/A	**–**	**–**	**–**	100%	267	(267)	–
		229,641	**(14,274)**	**215,367**		169,563	(10,301)	159,262

As at 31 December 2023, the Group has adopted average expected loss rate of 3% (2022: 5%) on the gross carrying amounts of other receivables amounted to RMB116,371,000 (2022: RMB77,543,000). The loss allowance as at 31 December 2023 is RMB2,969,000 (2022: RMB3,708,000).

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(CONTINUED)*

37.2 Credit risk *(Continued)*

Movements of the Group's loss allowance on trade receivables are as follows:

	2023	2022
	RMB'000	RMB'000
At the beginning of the year	**10,301**	6,922
Provision for ECL allowance	**3,973**	3,379
At the end of the year	**14,274**	10,301

Movements of the Group's loss allowance on other receivables based on 12-month ECL are as follows:

	2023	2022
	RMB'000	RMB'000
At the beginning of the year	**3,708**	2,496
(Reversal of provision for)/Provision for ECL allowance	**(739)**	1,212
At the end of the year	**2,969**	3,708

For cash and cash equivalents and restricted bank deposits, the Group has assessed that they were placed at banks with high-credit ratings assigned by international credit-rating agencies. The risk of default is low based on market information and the Group considers the credit risk to be insignificant.

37.3 Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade and other payables, amounts due to related parties, lease liabilities and interest-bearing borrowings and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

Analysed below is the Group's remaining contractual maturities for its non-derivative financial liabilities as at 31 December 2023 and 2022. When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date when the Group can be required to pay. Where the settlement of the liability is in instalments, each instalment is allocated to the earliest period in which the Group is committed to pay.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(CONTINUED)*

37.3 Liquidity risk *(Continued)*

	Within 1 year or on demand RMB'000	Over 1 year but within 2 years RMB'000	Over 2 years but within 5 years RMB'000	Over 5 years RMB'000	Total undiscounted contractual amount RMB'000	Carrying amount RMB'000
As at 31 December 2023						
Trade and other payables	**1,092,957**	**–**	**–**	**–**	**1,092,957**	**1,092,957**
Amounts due to related parties	**1,565**	**–**	**–**	**–**	**1,565**	**1,565**
Lease liabilities	**9,206**	**7,382**	**3,899**	**34,710**	**55,197**	**42,785**
interest-bearing borrowings	**1,969**	**1,870**	**5,896**	**13,014**	**22,749**	**19,603**
	1,105,697	**9,252**	**9,795**	**47,724**	**1,172,468**	**1,156,910**

	Within 1 year or on demand RMB'000	Over 1 year but within 2 years RMB'000	Over 2 years but within 5 years RMB'000	Over 5 years RMB'000	Total undiscounted contractual amount RMB'000	Carrying amount RMB'000
As at 31 December 2022						
Trade and other payables	773,647	–	–	–	773,647	773,647
Amounts due to related parties	126	–	–	–	126	126
Lease liabilities	3,827	3,012	2,190	11,931	20,960	15,579
Interest-bearing borrowings	1,502	3,009	5,500	–	10,011	10,000
	779,102	6,021	7,690	11,931	804,744	799,352

37.4 Interest rate risk

The Group is exposed to the cash flow interest rate risk for its bank deposits, interest-bearing borrowings and fair value interest rate risk for its lease liabilities. Both of which are mainly concentrated on the fluctuation of the market interest rate from banks. No sensitivity analysis is presented since the directors consider the exposure of cash flow interest rate and fair value interest rate risk arising from variable-rate bank deposits and lease liabilities, respectively, will not be significant in the near future.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(CONTINUED)*

37.5 Foreign currency risk

Foreign currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group operates mainly in PRC and majority of the transactions are denominated and settled in the functional currency of respective entities within the Group, RMB. For the years ended 31 December 2023 and 2022, the Group did not have significant foreign currency risk from its operations.

37.6 Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the financial instruments of the Group's carried at cost or amortised cost are not materially different from their fair values as at 31 December 2023 and 2022.

38. 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.

The Group actively and regularly reviews its capital structure and makes adjustments in light of changes in economic conditions. The Group monitors its capital structure on the basis of the net debt to equity ratio. For this purpose, net debt is defined as receipts under securitisation arrangements less cash and cash equivalents. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to the shareholders, issue new shares and raise new debt financing.

During the year ended 31 December 2023, the Group's strategy in monitoring its capital structure was to maintain a sufficient cash level to meet its liquidity requirements. In order to maintain or adjust the cash level, the Group may issue new shares, raise new debts financing or sell assets to increase the cash level.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

FIVE-YEAR FINANCIAL SUMMARY

FINANCIAL RESULTS

	Year ended 31 December				
	2023	2022	2021	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**3,569,324**	2,290,473	1,556,645	1,028,574	801,330
Gross profit	**1,001,466**	536,996	389,356	251,680	183,397
Profit before income tax	**727,495**	324,709	205,052	143,874	93,663
Profit for the year	**547,344**	251,318	160,902	106,838	68,285
Profit for the year attributable to the equity owners of the Company	**467,347**	247,212	159,374	106,118	68,181

ASSETS, LIABILITIES AND EQUITY

	As at 31 December				
	2023	2022	2021	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	**197,638**	149,657	101,451	53,195	70,352
Current assets	**3,605,539**	3,156,916	2,511,237	1,043,635	1,482,708
Non-current liabilities	**66,184**	28,409	15,227	14,177	908,969
Current liabilities	**1,905,329**	2,005,461	1,566,203	668,000	466,667
Net current assets	**1,700,210**	1,151,455	945,034	375,635	1,016,041
Total equity	**1,831,664**	1,272,703	1,031,258	414,653	177,424