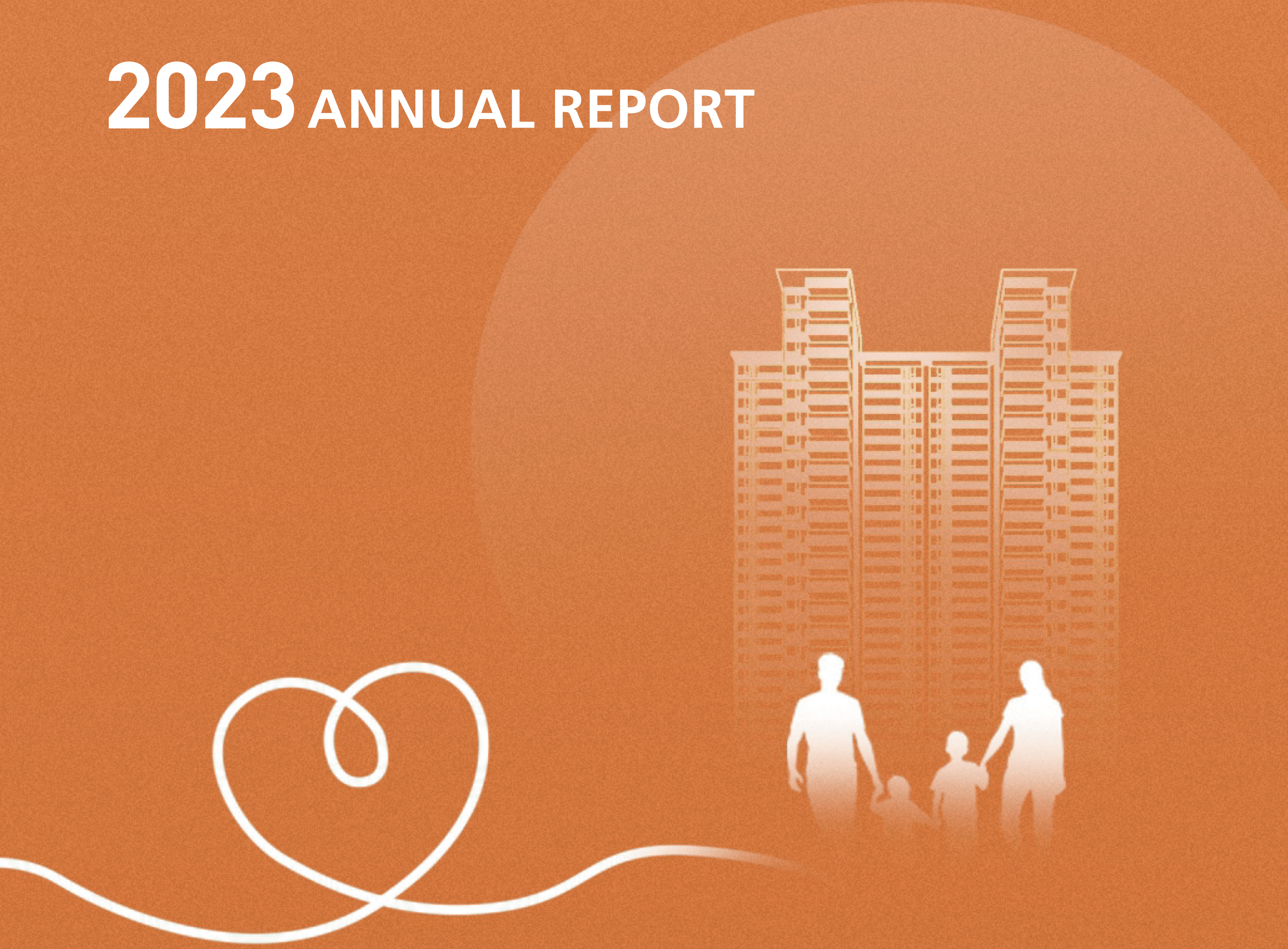
Ling Yue Services Group Limited
領悅服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2165

2023 ANNUAL REPORT



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Liu Yuqi *(Chairman)*
(appointed on 12 January 2024)
Mr. Liu Yuhui *(Chairman)*
(resigned on 12 January 2024)
Ms. Luo Hongping

Non-executive Directors

Ms. Wang Tao
Ms. Hou Sanli

Independent Non-executive Directors

Ms. Luo Ying
Ms. Zhang Qian
Ms. Zou Dan

COMPANY SECRETARY(IES)

Mr. So Wing Chun
(appointed on 23 February 2024)
Ms. Luo Hongping
(resigned on 23 February 2024)
Ms. Tang King Yin
(resigned on 23 February 2024)

AUTHORIZED REPRESENTATIVES

Mr. Liu Yuqi
(appointed on 12 January 2024)
Mr. So Wing Chun
(appointed on 23 February 2024)
Mr. Liu Yuhui
(resigned on 12 January 2024)
Ms. Tang King Yin
(resigned on 23 February 2024)

AUDIT COMMITTEE

Ms. Zou Dan *(Chairlady)*
Ms. Luo Ying
Ms. Zhang Qian

REMUNERATION COMMITTEE

Ms. Zhang Qian *(Chairlady)*
Mr. Liu Yuqi
(appointed on 12 January 2024)
Mr. Liu Yuhui
(resigned on 12 January 2024)
Ms. Luo Ying

NOMINATION COMMITTEE

Mr. Liu Yuqi *(Chairman)*
(appointed on 12 January 2024)
Mr. Liu Yuhui *(Chairman)*
(resigned on 12 January 2024)
Ms. Luo Ying
Ms. Zhang Qian

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISOR AS TO HONG KONG LAW

Sidley Austin

PRINCIPAL BANK

Agricultural Bank of China
Chengdu Zijin Branch

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai
Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

44/F, Tower A
Leading International Finance Center
No. 151, 2nd Tianfu Street
Gaoxin District
Chengdu, Sichuan Province
PRC

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17/F, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

STOCK CODE

02165

COMPANY'S WEBSITE

www.lingyue-service.com

Glossary and Definition

In this report, unless the context otherwise requires, the following words and expressions have the following meanings.

"Acting in Concert Deed"	the acting in concert deed dated 29 January 2021 and executed by the Ultimate Controlling Shareholders
"AGM"	the annual general meeting to be convened and held by the Company on 30 May 2024
"Articles" or "Articles of Association"	the articles of association of the Company (as amended from time to time)
"Audit Committee"	the audit committee of the Company
"Board" or "Board of Directors"	the board of Directors
"BVI"	the British Virgin Islands
"CG Code"	the Corporate Governance Code contained in Appendix C1 to the Listing Rules
"China" or "PRC"	The People's Republic of China, but for the purpose of this annual report and for geographical reference only and except where the context requires, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Company"	Ling Yue Services Group Limited (領悅服務集團有限公司) (formerly known as Ling Yue Group Limited (領悅集團有限公司)), an exempted company incorporated in the Cayman Islands with limited liability on 28 August 2020, the Shares of which are listed on the Stock Exchange (Stock Code: 2165)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Fusheng Capital"	Fusheng Capital Holding Limited, a company incorporated in the BVI with limited liability on 27 July 2020, which is wholly owned by Ms. Long Yiqin and is one of the Company's controlling shareholders
"GFA"	gross floor area

"Global Offering"	has the meaning ascribed to it in the Prospectus
"Group", "we", "our" or "us"	the Company and its subsidiaries
"HK$" or "Hong Kong dollar(s)"	Hong Kong dollars, the lawful currency of Hong Kong
"independent third party(ies)"	an individual(s) or a company(ies) who or which is/are not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial shareholders of the Company or its subsidiaries, or any of their respective associates (within the meaning of the Listing Rules)
"Jin Sha Jiang"	Jin Sha Jiang Holding Limited, a company incorporated in the BVI with limited liability on 5 June 2019, which is wholly owned by Mr. Liu Yuhui and is one of the Company's controlling shareholders
"Leading Group"	Leading Group Co., Ltd. (領地集團有限公司) (formerly known as Meishan Baoma Real Estate Development Co., Ltd. (眉山地區寶馬房地產開發有限公司)), a company established in the PRC with limited liability on 19 April 1999 and an indirect wholly-owned subsidiary of Leading Holdings
"Leading Holdings"	Leading Holdings Group Limited (領地控股集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 15 July 2019 and the shares of which are listed on the Stock Exchange (stock code: 6999)
"Leading Holdings Group"	Leading Holdings and its subsidiaries
"Linghui Capital"	Linghui Capital Limited, a company incorporated in the BVI with limited liability on 23 July 2020, which is wholly owned by Ms. Hou Sanli and is one of the Company's controlling shareholders
"Linghui Holding"	Linghui Holding Limited, a company incorporated in the BVI with limited liability on 23 July 2020, which is wholly owned by Mr. Liu Ce and is one of the Company's controlling shareholders
"Lingyue Property Services"	Lingyue Property Services Group Co., Ltd. (領悦物業服務集團有限公司) (formerly known as Sichuan Huifeng Property Service Co., Ltd. (四川滙豐物業服務有限公司)), a company established in the PRC with limited liability on 21 January 2002 and an indirect wholly-owned subsidiary of our Company
"Listing"	the listing of the Shares on the Stock Exchange
"Listing Date"	12 July 2021, the date on which dealings in the Shares on the Stock Exchange first commence

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Nomination Committee"	the nomination committee of the Company
"Over-allotment Option"	the option granted by the Company to allot and issue up to an aggregate of 10,500,000 additional Shares in connection with the Global Offering of the Company as disclosed in the Prospectus
"Prospectus"	the prospectus of the Company dated 29 June 2021
"Remuneration Committee"	the remuneration committee of the Company
"RMB" or "Renminbi"	the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) with nominal value of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"sq.m."	square meter(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"Tianyue Capital"	Tianyue Capital Limited, a company incorporated in the BVI with limited liability on 23 July 2020, which is wholly owned by Ms. Wang Tao and is one of the Company's controlling shareholders
"Tianyue Holding"	Tianyue Holding Limited, a company incorporated in the BVI with limited liability on 23 July 2020, which is wholly owned by Mr. Liu Haowei and is one of the Company's controlling shareholders
"Ultimate Controlling Shareholders"	Mr. Liu Haowei, Mr. Liu Ce, Mr. Liu Yuhui, Ms. Wang Tao, Ms. Long Yiqin and Ms. Hou Sanli
"Year"	For the year ended 31 December 2023

"Yuelai Holding"	Yuelai Holding Limited, a company incorporated in the BVI with limited liability on 23 July 2020, which is wholly owned by Mr. Liu Yuhui and is one of the Company's controlling shareholders
"%"	per cent

Chairman's Statement

In 2023, against the backdrop of the impacts of sluggish economic performance, and fluctuations of the property management industry, the Group proactively responded to the complicated environment through comprehensive and systematic planning of the corporate vision and clearer way forward, and attained steadfast and great progress in various businesses as well as satisfactory results. The Group firmly believes that people still looks forward to a better life, and it is resolutely committed to meeting the demand of hundreds of thousands of property owners for premium services, and Shareholders and investors for high-quality development.

Under the guidance of "pragmatic, professional and long-term" philosophy, the Group has continued to consolidate the fundamental property management business, reshaped its standardised system and formulated the development strategy of Ling Yue Services 3.0. During the Year, the Group achieved a revenue of approximately RMB609.1 million, representing an increase of 5.4% over the previous year of 2022, and a gross profit of approximately RMB194.7 million, representing a year-on-year increase of 16.5%. Net profit of the year amounted to approximately RMB104.6 million, representing an increase of 30.4% compared with the same period in 2022.

Throughout the Year, the Group stuck to its development strategy of "deep cultivation in Southwest China, establishing a strong presence in Xinjiang, and pursuing nationwide development", and focused on two growth poles of "Sichuan and Xinjiang". As a result, the management scale achieved steady growth. Furthermore, the Group expanded its operations in sectors such as schools, parks, and public buildings, gradually advancing towards a comprehensive and diversified market. As at 31 December 2023, the Group provided property management services and value-added services in 32 cities in China with 253 contracted projects (of which 249 projects have been taken over). The contracted GFA as at 31 December 2023 reached approximately 36.4 million square metres, representing a decrease of around 3.9% as compared to that as at 31 December 2022, among which the GFA under management was approximately 30.1 million sq.m., representing an increase of around 27.7% as compared to that as at 31 December 2022.

OUTLOOK

The Group prioritised Party building to facilitate the integrated development of grassroots governance. We have always prioritised party building, proactively enhanced the organisational and institutional competence of social governance at the grassroots level, and continued to explore and address the most pressing difficulties and problems of greatest concern to the people. With special attention to the needs of property owners, we constructed a multi-party grassroots governance model comprised of the residents' committee, Party committee, property management company and property owners' association of the community, and constantly reinforced the "Premium Star" ("星悅") community brand. Many projects have achieved efficient co-governance and sharing of the community, mobilised grassroots activities, and advanced the delivery of the Group's high-quality services through the multi-party mechanism.

The Group remained fully committed to quality services. Upholding the core value of "Friendship, Companionship and Warmheartedness", the Group continued to refine its service standards, and enhanced its customer service capabilities by putting customers first. The Group safeguarded the bottom line of quality, and set an example of urban qualities. By maximising the advantages of community environment, we developed more than a hundred projects into "garden-style apartment complexes", and kept optimising the residential environment and experience of property owners. During the Year, we also launched the "Spring Dawn Campaign" ("春曉行動") and "Orange Storm" ("橙色風暴") programs to enhance quality. In this way, we established a long-term quality management mechanism, and we increased in-depth presence in existing market and maintained industry-leading service quality by further strengthening the implementation of the quality assurance system and upgrading our advantages over basic services.

The Group created an innovative value-added service ecosystem. Based on two growth poles of "property management and life services", we continued to explore innovative value-added services, and kept deepening the innovative value-added service ecosystem so as to fully cover the entire lifecycle of community residents. In line with diverse needs of property owners, we developed a new model of asset operation and set up property owners' life service centers to meet their needs for express courier station, interior decoration and turnkey move-ins, housing agency, community retail and housekeeping services. We introduced quality suppliers for community commercial services, offered Lingyue's Premium Choice of products, and made breakthroughs in the sales of product portfolio. We also pay special attention to elderly residents by actively developing elderly-friendly products and various value-added services for the elderly so as to elevate property owners' sense of happiness and security.

The Group promoted technology-enabled and digital management. We continued to promote technology-enabled property management, and utilised digital means for refining management and operation. In recent years, we have been actively exploring and developing the Lingyue Service Smart Property Management Platform, and kept upgrading the platform to improve management efficiency, optimise service processes and further enhance user experience.

The Group refined its talent training system to build a strong talent pool. We continue to deepen the optimisation and reform of our organisational structure to support further deep penetration of the regions, and stimulate organisational vitality. While focusing on major business priorities, we provided support to key positions. We enhanced internal talent incubation through special talent training programs, namely the "Excellent Joy Program", "Leading Figure Program" ("領軍人才計劃"), "Pioneering Talent Program" ("領辰計劃"), "Leading Management Talent Program" ("領將計劃"), "Leading Talent Program", "Joyful Talent Program", and "Leading and Joyful Trainee Program". We continued to carry out capability building of staff, and innovated in the development of micro-courses and internal training platform in order to provide talents with expansive career development space, refine the talent training system from multiple dimensions, and further empower teams to unleash and create excellent results.

The Group actively undertook its social responsibility through pro bono activities. We have been carrying out "City Care" public welfare activities and building "Happy Courier Stations" ("幸福驛站") in communities for many years following the philosophy of wholehearted contribution to public welfare activities and caring for front line city builders. We have also created more employment and development opportunities for migrant workers and local employees, and actively fulfilled our tax obligations to contribute to the harmony and stability of society.

Prospect

In the face of the opportunities and challenges brought about by the rapid development of the industry, we will firmly uphold the service philosophy of "Friendship, Companionship, and Warmheartedness". With quality as our foundation and warm services as our core, we will strengthen our operational fundamentals, prioritise value creation for customers, expand our service coverage, and persistently pursue long-term, high-quality corporate development.

BUSINESS REVIEW

Business Model of the Group

The Group has three business lines, namely, (i) property management services, (ii) value-added services to non-property owners and (iii) community value-added services, forming an integrated service offering to its customers that cover the entire value chain of property management.

- Property management services. The Group offers a wide range of property management services to property owners, residents and property developers, as well as tenants in non-residential properties under our management. The Group's services typically include security services, cleaning and greening services, and repair and maintenance services. The Group manages a diverse portfolio of properties, including residential properties, commercial properties and public and other properties.

- Value-added services to non-property owners. The Group offers value-added services to non-property owners, including (i) preliminary planning and design consultancy services; (ii) sales office management services; (iii) pre-delivery services; (iv) repair and maintenance services; (v) property transaction assistance services; and (vi) security support services.

- Community value-added services. The Group offers community value-added services primarily to property owners and residents to make their lives more convenient, such as (i) community space management services; (ii) decoration and turnkey furnishing services; (iii) convenient living services; and (iv) community retail services.

The Group offers comprehensive portfolio of property management services in order to diversify the Group's sources of revenue and achieve rapid growth. In recent years, the Group has been strengthening its community value-added service offerings. Leveraging its in-depth understanding of the needs of residents, the Group endeavors to further diversify its community value-added services. Community value-added services have been enhancing the Group's financial performance, as they typically generate higher profit margins, as compared to other types of property management services. The Group will continue to gain greater market shares and expand business presence in China.

Property Management Services

The Group has been providing property management services since its establishment in 2002. As at 31 December 2023, the Group's aggregate contracted GFA amounted to approximately 36.4 million sq.m., representing a decrease of 3.9% as compared with the same time last year. As at 31 December 2023, the Group managed 249 properties with an aggregate GFA under management of approximately 30.1 million sq.m., representing an increase of 27.7% as compared with same time last year.

The following table sets forth the number of properties and GFA under the Group's management, as well as the number of properties the Group were contracted to manage and corresponding contracted GFA as at the dates indicated.

	As at 31 December	
	2023	2022
Number of properties under management[(1)]	**249**	211
Number of properties we were contracted to manage[(2)]	**253**	249
GFA under management *(sq.m. in thousands)*	**30,124**	23,592
Contracted GFA *(sq.m. in thousands)*	**36,372**	37,834
Undelivered GFA *(sq.m. in thousands)*[(3)]	**6,248**	14,242

Notes:

(1) Refers to properties that have been delivered to the Group for property management purposes.

(2) Refers to all properties for which the Group has entered into the relevant property management service agreements, which may include properties that have not been delivered to the Group for property management purposes in addition to properties under management.

(3) Undelivered GFA is calculated as the difference between contracted GFA and GFA under management as of the dates indicated. The estimated time of delivery and revenue generation of the undelivered projects as at 31 December 2023 ranges from September 2024 to August 2031.

Geographic Presence of the Group

As at 31 December 2023, the Group has expanded its geographic presence to 32 cities, across 9 provinces, 1 autonomous region and 1 municipality. The following table sets forth a breakdown of total number of projects under management and GFA under management by geographic region as at the dates indicated, and revenue from property management services by geographic region for the years indicated below.

	As at/For the year ended 31 December							
	2023				2022			
	Number of projects under management	GFA under management *(sq.m.'000)*	Revenue *RMB'000*	%	Number of projects under management	GFA under management *(sq.m.'000)*	Revenue *RMB'000*	%
Sichuan Province[(1)]	**213**	**22,809**	**420,577**	**81.0**	178	18,790	375,030	79.2
Xinjiang Uygur Autonomous Region[(2)]	**15**	**4,066**	**31,352**	**6.0**	14	1,980	36,745	7.8
Guangdong Province[(3)]	**8**	**1,182**	**24,142**	**4.6**	8	1,125	24,173	5.1
Jilin Province[(4)]	**3**	**598**	**18,986**	**3.7**	3	598	19,994	4.2
Hebei Province[(5)]	**3**	**200**	**3,029**	**0.6**	2	148	3,366	0.7
Henan Province[(6)]	**3**	**435**	**6,624**	**1.3**	2	224	2,378	0.5
Hubei Province[(7)]	**1**	**396**	**6,993**	**1.3**	1	396	6,350	1.3
Jiangsu Province[(8)]	**1**	**113**	**1,678**	**0.3**	1	113	2,130	0.5
Guizhou Province[(9)]	**1**	**240**	**3,876**	**0.7**	1	132	457	0.1
Chongqing Municipality	**1**	**85**	**2,576**	**0.5**	1	86	2,766	0.6
Total	**249**	**30,124**	**519,833**	**100.0**	211	23,592	473,389	100.0

Notes:

(1) The Group provided property management services to properties located in Chengdu, Emeishan, Guangyuan, Leshan, Luzhou, Meishan, Mianyang, Nanchong, Panzhihua, Xichang, Ya'an, Huili, Dazhou, Ziyang and Dujiangyan.

(2) The Group provided property management services to properties located in Urumqi and Korla.

(3) The Group provided property management services to properties located in Foshan, Shanwei and Huizhou.

(4) The Group provided property management services to properties located in Changchun.

(5) The Group provided property management services to properties located in Chengde.

(6) The Group provided property management services to properties located in Luohe, Zhumadian and Xingyang.

(7) The Group provided property management services to properties located in Jingzhou.

(8) The Group provided property management services to properties located in Xuzhou.

(9) The Group provided property management services to properties located in Kaili.

The following table sets forth a breakdown of the Group's total number of contracted projects, contracted GFA and undelivered GFA by geographic region as at the dates indicated.

	As at 31 December					
	2023			2022		
	Number of contracted projects	**Contracted GFA** *(sq.m.'000)*	**Undelivered GFA** *(sq.m.'000)*	Number of contracted projects	Contracted GFA *(sq.m.'000)*	Undelivered GFA *(sq.m.'000)*
Sichuan Province[1]	**215**	**27,272**	**4,464**	204	27,940	9,150
Xinjiang Uygur Autonomous Region[2]	**15**	**4,341**	**274**	22	5,274	3,294
Guangdong Province[3]	**9**	**1,314**	**133**	9	1,314	189
Jilin Province[4]	**3**	**598**	**—**	3	211	63
Hebei Province[5]	**3**	**211**	**10**	3	829	605
Henan Province[6]	**3**	**821**	**386**	3	598	—
Hubei Province[7]	**1**	**396**	**—**	2	1,073	941
Jiangsu Province[8]	**1**	**113**	**—**	1	396	—
Guizhou Province[9]	**1**	**942**	**702**	1	113	—
Chongqing Municipality	**1**	**85**	**—**	1	86	—
Hunan Province[10]	**1**	**279**	**279**	—	—	—
Total	**253**	**36,372**	**6,248**	249	37,834	14,242

Notes:

(1) The Group was contracted to provide property management services to properties located in Chengdu, Emeishan, Guangyuan, Leshan, Luzhou, Meishan, Mianyang, Nanchong, Panzhihua, Xichang, Ya'an, Huili, Dazhou, Ziyang and Dujiangyan.

(2) The Group was contracted to provide property management services to properties located in Kashgar, Korla and Urumchi.

(3) The Group was contracted to provide property management services to properties located in Foshan, Shanwei, Shenzhen and Huizhou.

(4) The Group was contracted to provide property management services to properties located in Changchun.

(5) The Group was contracted to provide property management services to properties located in Chengde.

(6) The Group was contracted to provide property management services to properties located in Luohe, Zhumadian and Xingyang.

(7) The Group was contracted to provide property management services to properties located in Jingzhou.

(8) The Group was contracted to provide property management services to properties located in Xuzhou.

(9) The Group was contracted to provide property management services to properties located in Kaili.

(10) The Group was contracted to provide property management services to properties located in Zhangjiajie.

Source of Properties under Management

The Group primarily offers property management services to properties developed by Leading Holdings Group. The following tables set forth a breakdown by developer type as at the dates indicated or the periods indicated of the Group's (i) total number of projects under management and GFA under management, as well as revenue from property management services; and (ii) total number of contracted projects, contracted GFA and undelivered GFA.

Breakdown of the Group's Total Number of Projects under Management, GFA under Management and Revenue from Property Management Services by Developer Type

	As at/For the year ended 31 December							
	2023				2022			
	Number of projects under management	GFA under management (sq.m.'000)	Revenue RMB'000	%	Number of projects under management	GFA under management (sq.m.'000)	Revenue RMB'000	%
Leading Holdings Group[1]	88	15,629	344,435	66.3	77	13,060	307,948	65.0
Joint ventures of Leading Holdings Group[2]	12	1,609	26,219	5.0	8	886	25,067	5.3
Non-Leading Holdings Group and non-joint ventures of Leading Holdings Group[3]	149	12,886	149,179	28.7	126	9,646	140,374	29.7
Total	249	30,124	519,833	100.0	211	23,592	473,389	100.0

Breakdown of the Group's Total Number of Contracted Projects, Contracted GFA and Undelivered GFA by Developer Type

	As at 31 December					
	2023			2022		
	Number of contracted projects	Contracted GFA (sq.m.'000)	Undelivered GFA (sq.m.'000)	Number of contracted projects	Contracted GFA (sq.m.'000)	Undelivered GFA (sq.m.'000)
Leading Holdings Group[1]	89	18,442	2,813	97	19,624	6,564
Joint ventures of Leading Holdings Group[2]	15	3,199	1,590	16	3,286	2,400
Non-Leading Holdings Group and non-joint ventures of Leading Holdings Group[3]	149	14,731	1,845	136	14,924	5,278
Total	253	36,372	6,248	249	37,834	14,242

Notes:

(1) Refers to properties solely developed by Leading Holdings Group or jointly developed by Leading Holdings Group and third-party property developers in which Leading Holdings Group held a controlling interest.

(2) Refer to properties jointly developed by the Leading Holdings Group and third-party property developers in which the Leading Holdings Group did not hold a controlling interest.

(3) Refer to properties developed solely by third-party property developers independent from Leading Holdings Group.

Type of Properties under Management

The Group primarily managed residential properties. The Group also managed other types of properties such as commercial properties and public and other properties. The following table sets forth a breakdown of the Group's total GFA under management by property type as at the dates indicated, and revenue from property management services by property type and stage of projects for the years indicated:

	As at/For the year ended 31 December							
	2023				2022			
	Number of projects under management	GFA under management (sq.m.'000)	Revenue RMB'000	%	Number of projects under management	GFA under management (sq.m.'000)	Revenue RMB'000	%
Residential properties	141	24,091	374,208	72.0	119	18,416	291,384	61.5
— Preliminary stage[1]	116	19,733	310,598	59.8	102	15,007	225,659	47.6
— Property owners' association stage[2]	25	4,358	63,610	12.2	17	3,409	65,725	13.9
Commercial properties	6	871	80,058	15.4	7	729	86,001	18.2
Public and other properties	102	5,162	65,567	12.6	85	4,447	96,004	20.3
Total	249	30,124	519,833	100.0	211	23,592	473,389	100.0

Notes:

(1) Refers to residential property projects for which property owners' associations were not established as at the dates indicated.

(2) Refers to residential property projects for which property owners' associations were established as at the dates indicated.

Value-added Services to Non-property Owners

The Group's value-added services to non-property owners include (i) preliminary planning and design consultancy services; (ii) sales office management services; (iii) pre-delivery services; (iv) repair and maintenance services; (v) property transaction assistance services; and (vi) security support services.

During the Year, revenue from value-added services to non-property owners decreased by 38.2% to approximately RMB43.3 million compared to approximately RMB70.0 million for the corresponding period of 2022, mainly due to a decrease in revenue from sales office management services and security support services. During the Year, the revenue from value-added services to non-property owners accounted for 7.2% of the total revenue. The following table sets forth a breakdown of the Group's revenue from value-added services to non-property owners for the years indicated.

	For the year ended 31 December			
	2023		2022	
	RMB'000	%	RMB'000	%
Preliminary planning and design consultancy services	**6,845**	**15.9**	3,745	5.4
Sales office management services	**26,624**	**61.5**	50,207	71.7
Pre-delivery services	**2,095**	**4.8**	842	1.2
Repair and maintenance services	**7,710**	**17.8**	3,601	5.1
Property transaction assistance services	**11**	**—**	3,015	4.3
Security support services	**—**	**—**	8,592	12.3
Total	**43,285**	**100.0**	70,002	100.0

Community Value-added Services

The Group offers community value-added services to property owners and residents, including (i) community space management services; (ii) decoration and turnkey furnishing services; (iii) convenient living services; and (iv) community retail services.

During the Year, the revenue from community value-added services increased by 34.0% to approximately RMB46.0 million compared to approximately RMB34.3 million for the corresponding period of 2022, mainly due to an increase in revenue from decoration services. During the Year, revenue from community value-added services accounted for 7.5% of total revenue.

The following table sets forth a breakdown of the Group's revenue from community value-added services for the years indicated.

	For the year ended 31 December			
	2023		2022	
	RMB'000	%	RMB'000	%
Community space management services	**7,424**	**16.1**	8,114	23.7
Decoration and turnkey furnishing services	**24,739**	**53.8**	18,540	54.0
Convenient living services	**13,594**	**29.6**	7,069	20.6
Community retail services	**222**	**0.5**	588	1.7
Total	**45,979**	**100.0**	34,311	100.0

FINANCIAL REVIEW

Revenue

The Group's revenue is mainly derived from three major businesses: (i) property management services; (ii) value-added services to non-property owners; and (iii) community value-added services. During the Year, the Group's revenue amounted to approximately RMB609.1 million, representing an increase of approximately 5.4% compared with RMB577.7 million in the same period of 2022.

The following table sets out the revenue contribution of each business segment for the years indicated:

	For the year ended 31 December			
	2023		2022	
		Percentage of revenue		Percentage of revenue
	RMB'000	**%**	*RMB'000*	%
Property management services	**519,833**	**85.3**	473,389	81.9
Value-added services to non-property owners	**43,285**	**7.2**	70,002	12.2
Community value-added services	**45,979**	**7.5**	34,311	5.9
Total	**609,097**	**100.0**	577,702	100.0

Property management services is still the largest source of revenue for the Group. For the year ended 31 December 2023, revenue from property management services reached approximately RMB519.8 million, accounting for 85.3% of the total revenue of the Group. Such revenue growth was attributable to an increase in GFA under management. The decrease in revenue from value-added services to non-property owners was mainly due to a decrease in revenue from sales office management services and security support services. The increase in revenue from community value-added services was mainly due to an increase in revenue from decoration and turnkey furnishing services.

Cost of Sales

The cost of sales of the Group mainly includes (i) staff costs; (ii) subcontracting costs; (iii) costs of consumables; (iv) utilities costs; (v) office expenses; and (vi) repair and maintenance costs.

During the Year, the cost of sales of the Group was approximately RMB414.4 million, representing an increase of approximately 0.9% compared with approximately RMB410.6 million for the corresponding period of 2022. The growth rate of the Group's cost of sales was basically the same as the growth rate of revenue.

Gross Profit and Gross Profit Margin

During the Year, the Group's gross profit increased by approximately 16.5% from approximately RMB167.1 million for the corresponding period in 2022 to approximately RMB194.7 million.

During the Year, the gross profit margin of the Group increased by 3.1 percentage points to 32.0% from 28.9% for the same period in 2022, mainly due to the growth rate of revenue being greater than the growth rate of the Group's cost of sales.

The gross profit margin of the Group by business line is as follows:

	For the year ended 31 December		
	2023 gross profit margin %	2022 gross profit margin %	Changes in gross profit margin %
Property management services	**30.7**	27.8	2.9
Value-added services to non-property owners	**32.5**	29.7	2.8
Community value-added services	**46.1**	43.3	2.8
Total	**32.0**	28.9	3.1

Administrative Expenses

During the Year, the administrative expenses of the Group increased by approximately 0.3% from approximately RMB56.4 million for the same period in 2022 to approximately RMB56.6 million, mainly due to the increase of advertisement expenses.

Income Tax Expense

During the Year, the income tax expenses of the Group increased by approximately 46.4% from RMB15.7 million for the same period in 2022 to approximately RMB23.0 million. The trend was consistent with the increase of profit of the Group during the Year. The increase in income tax expenses was mainly due to the growth rate in revenue is greater than that in cost of sales.

Profit Attributable to Owners of the Company

During the Year, total comprehensive income attributable to owners of the Company for the period was approximately RMB101.4 million, representing an increase of approximately 32.3% as compared with RMB76.6 million for the same period in 2022.

Trade Receivables

The Group's trade receivables mainly relate to income from property management services, value added services to non-property owners and community value-added services provided to independent third parties. As at 31 December 2023, the Group's trade receivables amounted to approximately RMB121.0 million, representing an increase of approximately RMB5.6 million or 4.9% as compared with RMB115.4 million as at 31 December 2022. The increase was due to an increase in revenue as a result of an increase in GFA under management.

Prepayments and Other Receivables

As at 31 December 2023, the Group's prepayments and other receivables amounted to approximately RMB48.6 million, representing an increase of approximately 79.6% compared with RMB27.1 million as at 31 December 2022. Due to an increase in GFA under management as a result of the expansion of the Group's business scale, prepayments on behalf of property owners was increased.

Trade Payables

As at 31 December 2023, the Group's trade payables amounted to approximately RMB31.4 million, representing a decrease of approximately 35.0% from approximately RMB48.3 million as at 31 December 2022. Such decrease was mainly due to the reduction in outsourcing expenses.

Liquidity and Financial Resources

The Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet the funding requirements of the Group in the foreseeable future.

During the Year, the Group's principal use of cash was investment, information construction and working capital, which was mainly funded by proceeds from the Company's operations.

Cash Position

As at 31 December 2023, the Group had cash and bank balances of approximately RMB602.9 million (31 December 2022: RMB361.0 million).

Current Ratio and Gearing Ratio

As at 31 December 2023, the Group's current ratio (current assets to current liabilities) is approximately 2.8 (31 December 2022: 2.6). Gearing ratio is calculated based on the sum of interest-bearing borrowings as at the respective dates divided by total equity as at the same dates and multiplied by 100%. Gearing ratios as at 31 December 2023 is not meaningful because the Group's interest-bearing borrowings as at the same date was nil (as at 31 December 2022: nil).

Foreign Exchange Risk

The Group primarily operates its business in China. The currency in which the Group denominates and settles of its transactions is mainly RMB. Any depreciation of RMB would adversely affect the value of any dividends the Group pays to Shareholders outside of the PRC. As at 31 December 2023, certain bank balances and cash were denominated in Hong Kong dollar, United States dollar and Australian dollar. The Group currently does not engage in hedging activities designed or intended to manage foreign exchange rate risk as it is expected that there will be no material foreign exchange exposure.

Interest Rate Risk

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

Pledge of Assets

As at 31 December 2023, the pledge deposit of the Group was RMB0.1 million (31 December 2022: RMB0.1 million).

Contingent Liabilities

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

There was no material acquisition and disposal of subsidiaries, associated companies and joint ventures by the Group during the Year.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

During the Year, there were no significant investments held by the Group.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the section "Future Plans and Use of Proceeds" in the Prospectus, the Group had no plan for material investments and capital assets.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2023, the Group had 5,644 employees (31 December 2022: 4,405 employees). For the year ended 31 December 2023, the total staff costs were approximately RMB269.5 million and the total staff costs were approximately RMB257.4 million for the same period in 2022.

The Group will further enhance its employee training program with internal and external resources. The employee training programs primarily cover key areas in the Group's business operations, which provide continuous training to its existing employees at different levels to specialize and strengthen their skills sets.

The Group adopts remuneration policies similar to its peers in the industry. The remuneration payable to its staff is fixed by reference to the duties and the prevailing market rates in the region. Discretionary performance bonus after assessments is paid to employees to reward their contributions. The Group is subject to social insurance contribution plans or other pension schemes prescribed by the local governments and is required to pay on behalf of its employees, a monthly social insurance funds covering pension fund, medical insurance, work-related injury insurance, maternity insurance and unemployment insurance, and the housing provident fund, or to contribute regularly to mandatory provident fund schemes on behalf of its employees. In determining the remuneration and compensation packages of the Directors and senior management, the Group will take into account salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of the Group.

DIRECTORS

Executive Directors

Mr. Liu Yuqi (劉玉奇), aged 56, was appointed as our executive Director, the chairman of the Board, the authorised representative, a member of the Remuneration Committee and the chairman of the Nomination Committee on 12 January 2024. Mr. Liu has served as an director of Lingyue Property Services Group Co., Ltd.* (領悦物業服務集團有限公司), an indirect wholly-owned subsidiary of the Company since January 2002, and he is primarily responsible for the overall business operation and development strategy. From March 2004 to now, Mr. Liu served as an director of Leading Group Co., Ltd.* (領地集團有限公司), an indirect wholly-owned subsidiary of Leading Holdings Group Limited (stock code: 6999), a company listed on the Stock Exchange and 30%-controlled company (as defined in the Listing Rules) of the Ultimate Controlling Shareholders. From April 2000 to March 2004, Mr. Liu served as the chairman of the board of Sichuan Huifeng Real Estate Development Co., Ltd.* (四川滙豐房地產開發有限公司). Since September 1999 to April 2000, Mr. Liu served as the chairman of the board of Meishan Yuanda Real Estate Development Co., Ltd.* (眉山遠大房地開發有限公司). Since April 1999 to September 1999, Mr. Liu served as the chairman of the board of Meishan Baoma Real Estate Development Co., Ltd.* (眉山寶馬房地開發有限公司).

Mr. Liu Yuqi is currently an EMBA candidate of Tsinghua University PBC School of Finance since June 2021. From May 2018 to December 2019, Mr. Liu participated in the thirteenth term of course of Cheung Kong Graduate School of Business. Mr. Liu has been the chairman of the Association of Chengdu Meishan Entrepreneurs* (成都眉山商會) since February 2014.

Mr. Liu Yuqi is the spouse of Ms. Hou Sanli (our non-executive Director and one of the Ultimate Controlling Shareholders), the father of Mr. Liu Ce (one of the Ultimate Controlling Shareholders), the brother of Mr. Liu Shan (the spouse of Ms. Wang Tao (our non-executive Director and one of the Ultimate Controlling Shareholders)) and Mr. Liu Yuhui (one of the Ultimate Controlling Shareholders), and the uncle of Mr. Liu Haowei (one of the Ultimate Controlling Shareholders).

Ms. Luo Hongping (羅紅萍), aged 47, was appointed as our executive Director on 26 January 2021. Ms. Luo Hongping joined our Group in January 2017 as a chief financial officer and has been responsible for the overall financial management of our Group.

From January 2005 to December 2010, she worked as a financial manager in Zhongya Jianye Jianshe Construction Co., Ltd. (中亞建業建設工程有限公司), a construction company, where she was primarily responsible for its overall financial management. From January 2012 to December 2020, she worked as a general manager of finance department in Leading Holdings, where she was primarily responsible for the overall financial management of such company.

Ms. Luo Hongping obtained a diploma's degree in accounting from Leshan Normal College (樂山師範學院) in the PRC in June 2011, respectively. She obtained the accounting qualification certificate (會計從業資格證書) granted by Leshan Finance Bureau (樂山市財政局) in April 1998. She also obtained the qualification of intermediate accountant (中級會計師證) from the Ministry of Finance in May 2004.

* *for identification purpose only*

Non-executive Directors

Ms. Wang Tao (王濤), aged 51 was appointed as our non-executive Director on 26 January 2021 and is responsible for providing guidance and formulation of business strategies for the overall development of our Group. Ms. Wang Tao joined our Group in January 2003 and had been a director of Lingyue Property Services until December 2013.

From April 1994 to March 2003, Ms. Wang Tao worked in Sichuan Jianye Construction Engineering Co., Ltd. (四川建業建築工程有限公司) with her last position as a manager of its material equipment department. Since March 2003, she has been a supervisor of Leading Group, an indirect wholly-owned subsidiary of Leading Holdings. Since January 2016, she has been a general manager of the supervision and auditing department of Lingyue Property Services.

Ms. Wang Tao obtained a college's degree in psychology from Institute of Psychology in University of Chinese Academy of Sciences (中國科學院心理研究所) through long distance learning in the PRC in August 2003.

Ms. Wang Tao is the sister-in-law of Mr. Liu Yuqi, our executive Director, and Ms. Hou Sanli, our non-executive Director. Ms. Wang Tao has entered into the Acting in Concert Deed with Mr. Liu Ce, Mr. Liu Haowei, Mr. Liu Yuhui, Ms. Long Yiqin and Ms. Hou Sanli, the controlling shareholders of the Company.

Ms. Wang Tao has also entered into an acting in concert deed dated 29 January 2021 regarding the interest in Leading Holdings with Mr. Liu Ce, Mr. Liu Haowei, Mr. Liu Yuhui, Ms. Long Yiqin and Ms. Hou Sanli.

Ms. Hou Sanli (侯三利), aged 54, was appointed as our non-executive Director on 26 January 2021 and is responsible for providing guidance and formulation of business strategies for the overall development of our Group. Ms. Hou Sanli joined our Group in December 2002 and had been a supervisor of Lingyue Property Services until December 2013.

Since November 2011, she has been a supervisor of Leading Group. Ms. Hou Sanli obtained a college's degree in psychology from Institute of Psychology in University of Chinese Academy of Sciences (中國科學院心理研究所) through long distance learning in the PRC in August 2003.

Ms. Hou Sanli is the spouse of Mr. Liu Yuqi, our executive Director, and the sister-in-law of Ms. Wang Tao, our non-executive Director. Ms. Hou Sanli has entered into the Acting in Concert Deed with Mr. Liu Ce, Mr. Liu Haowei, Mr. Liu Yuhui, Ms. Wang Tao and Ms. Long Yiqin, the controlling shareholders of the Company.

Ms. Hou Sanli has also entered into an acting in concert deed dated 29 January 2021 regarding the interest in Leading Holdings with Mr. Liu Ce, Mr. Liu Haowei, Mr. Liu Yuhui, Ms. Wang Tao and Ms. Long Yiqin.

Independent non-executive Directors

Ms. Luo Ying (羅瑩), aged 40, was appointed as our independent non-executive Director on 22 June 2021 and is responsible for providing independent advice on the operations and managements of our Group. Ms. Luo Ying is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee.

Ms. Luo Ying has over seven years of experience in investment and financial management. From October 2014 to December 2015, she worked as a financial director in Sichuan Development Financial Consulting Co., Ltd. (四川發展財務諮詢有限公司), a financial consulting company where she was primarily responsible for the daily operation and financial management of such company. From January 2016 to August 2016, she worked as a senior investment manager in the industry investment department in Sichuan Development Holding Co., Ltd. (四川發展控股有限公司), where she was primarily responsible for the investment and cooperation with other companies. From September 2016 to October 2017, she worked as a vice president of the financial department in Sinco Pharmaceuticals Holdings Limited (興科蓉醫藥控股有限公司), a provider of marketing, promotion and channel management services in the PRC pharmaceutical industry, whose shares are listed on Main Board of the Stock Exchange (stock code: 6833), where she was primarily responsible for market value management, refinancing, project investigation and mergers and acquisitions, formation of merger and acquisitions funds, and daily management of investor relations of such company. From November 2017 to August 2020, she worked as a general manager assistant in Sichuan Zhichuan Culture Co., Ltd. (四川知川文化有限公司), a platform company of The General Association of Sichuan Entrepreneurs. and a director of innovation center in The General Association of Sichuan Entrepreneurs (四川省川商總會), where she was primarily responsible for providing professional services in project investment, project management to global Sichuan entrepreneurs, as well as the daily operation and financial management of Sichuan Zhichuan Culture Co., Ltd. Since September 2020, she has been a deputy director in Sichuan Sky Software Co., Ltd. (四川四凱電腦軟體有限公司), a company providing software product and system operation and maintenance, where she was primarily responsible for the financial management and innovation business development of such company. Since 17 November 2023, she has been an independent non-executive Director of Leading Holdings Group Limited (領地控股集團有限公司), whose shares are listed on Main Board of the Stock Exchange (stock code: 6999). Leading Holdings Group Limited is 30%-controlled company (as defined in the Listing Rules) of the Ultimate Controlling Shareholders.

Ms. Luo Ying obtained a diploma's degree in law from Nanjing University of Finance and Economics (南京財經大學) in the PRC in June 2006. She also obtained a master's degree in international business from the University of Sydney in Australia in August 2008. Ms. Luo obtained the qualification of intermediate economist (中級經濟師) granted by Ministry of Human Resources and Social Security in November 2010. She also obtained the qualification of Board Secretaries of Listed Companies on the Shenzhen Stock Exchange (深圳交易所上市公司董事會秘書資格) granted by the Shenzhen Stock Exchange in July 2011. She also obtained the Securities Practice Qualification Certificate (基金從業資格證) granted by Asset Management Association of China (中國證券投資基金業協會) in November 2017.

Ms. Zhang Qian (張倩), aged 44, was appointed as our independent non-executive Director on 22 June 2021 and is responsible for providing independent advice on the operations and managements of our Group. Ms. Zhang Qian is the chairlady of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee.

Ms. Zhang Qian has over 15 years of experience in financial investment. From December 2004 to February 2006, she worked as an analyst in UBS Asia, an investment bank and financial services company, whose shares are listed both on the SIX Swiss Exchange (stock code: UBSG) and New York Stock Exchange (stock code: UBS) where she was primarily responsible for providing consulting services to asset management department and private wealth management department, as well as implementing the global investment and releasing the online wealth management platform. From April 2007 to June 2009, she worked as a security analyst in Delta Partners LLC, an advisory and investment firm, where she was primarily responsible for the investment research in China and other emerging markets. From October 2011 to November 2017, she worked as a founding director of private equity in China Asset Management (Hong Kong) Limited (華夏基金(香港)有限公司), where she was primarily responsible for initiating alternative private equity business in China Asset Management. Since January 2018, she has been a founding partner in Sky Capital Co., Ltd. (天際資本有限公司), a private equity company, where she was responsible for the overall management of such company.

Ms. Zhang Qian obtained a diploma's degree in computer from National University of Singapore in Singapore in August 2002. She also obtained a master's degree in business administration from Hult International Business School in the U.S. in December 2006. Ms. Zhang Qian obtained the qualification of Chartered Financial Analyst granted by Chartered Financial Analyst Institute in September 2010.

Ms. Zou Dan (鄒丹), aged 50, was appointed as our independent non-executive Director on 22 June 2021 and is responsible for providing independent advice on the operations and managements of our Group. Ms. Zou Dan is the chairlady of the Audit Committee.

Ms. Zou Dan has over 15 years of experience in financial management. From August 1997 to January 2002, Ms. Zou Dan worked in Ernst & Young (安永華明會計師事務所), an accounting firm, with her last position as a senior auditor, where she was primarily responsible for the annual auditing of foreign-invested companies and auditing of proposed listing companies. From February 2002 to December 2013, she worked in Yonyou Network Technology Co. Ltd. (用友網路科技股份有限公司), a management solution provider, whose shares are listed on the Shanghai Stock Exchange (stock code: 600588) ("**Yonyou Network**"), with her last position as a general manager in the financial department. From January 2014 to May 2018, she worked as a senior vice president and chief financial officer in Chanjet Information Technology Company Limited (暢捷通信息技術股份有限公司), a company providing enterprise software and services in the PRC, whose shares are listed on the Main Board of the Stock Exchange (stock code: 1588), where she was primarily responsible for its overall financial management. From October 2018 to June 2019, she worked as a deputy general manager in Shanghai Yonyou Industry Investment Management Co., Ltd. (上海用友產業投資管理有限公司), a subsidiary of Yonyou Network and an investment and asset management company, where she was primarily responsible for its risk control and financial management. Since July 2019, she has been working as a co-founder and chief financial officer in Beijing Qiqi Technology Co., Ltd. (北京企企科技有限公司), a company providing enterprise software and services, where she was primarily responsible for its financial management, human resources, legal affairs and business operation support.

Ms. Zou Dan obtained diploma's degree in economics from Renmin University of China (中國人民大學) in the PRC in July 1995. Ms. Zou Dan obtained the qualification of Certified Public Accountant (註冊會計師) granted by the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in May 1997. She also obtained the fellowship of Chartered Institute of Management Accountants Chartered Global Management Accountant granted by the Chartered Institute of Management Accountants.

Save as disclosed above, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, there was no information relating to the Directors that is required to be disclosed pursuant to 13.51B(1) of the Listing Rules or any other matters concerning any Director that needs to be brought to the attention of the Shareholders as of the date of this annual report.

SENIOR MANAGEMENT

Mr. Luo Ziqin (羅自欽), aged 47, was appointed as the chief executive officer and vice president of our Group in March 2020. Mr. Luo Ziqin joined our Group as an assistant to the general manager of Lingyue Property Services on 1 March 2008 and was promoted as the vice general manager of our Group in November 2019.

Mr. Luo Ziqin obtained a college diploma's degree in law from China Central Radio TV University (中央廣播電視大學) in the PRC in July 2002. He also obtained a diploma's degree in administration management in University of Electronic Science and Technology of China (電子科技大學) in the PRC in June 2014. He obtained the qualification of Certified Property Manager (物業管理師) granted by Ministry of Housing and Urban-Rural Development and Ministry of Human Resources and Social Security in the PRC in May 2011. He was awarded as TOP 100 Property Manager (百強物業經理人) from Leju Financial (樂居財經) and China Property Management Research Institution (中物研協).

COMPANY SECRETARY

Mr. So Wing Chun (蘇永俊) was appointed as the company secretary on 23 January 2024. Mr. So Wing Chun is a manager of SWCS Corporate Services Group (Hong Kong) Limited, a corporate secretarial services provider in Hong Kong. He is the company secretary of Leading Holdings Group Limited (Stock Code: 6999), 30%-controlled company (as defined in the Listing Rules) of the Ultimate Controlling Shareholders, and Huabang Technology Holdings Limited (Stock Code: 3638) and was the company secretary of Pa Shun International Holdings Limited (Stock Code: 574), companies listed on the Main Board of the Stock Exchange.

Mr. So obtained a Bachelor of Business Administration (Honours) from Hong Kong Shue Yan University. He is an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

The Company recognizes the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group so as to achieve effective accountability.

CORPORATE GOVERNANCE CULTURE

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 PRACTICES

Compliance with the model code for securities transactions

The Company has adopted the Model Code as its own code of conduct for securities transactions conducted by Directors and relevant employees of the Company. After making specific enquires to all the Directors and relevant employees of the Company, each of them has confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 December 2023 and up to the date of this report.

The Company is not aware of any incident of non-compliance of the Model Code committed by any Directors, or relevant employees during the year ended 31 December 2023 and up to the date of this report.

Compliance with the corporate governance code

The Company recognizes the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability.

The Company has adopted the principles and applicable code provisions stated in the CG Code. So far as the Directors are aware, the Company has complied with all the applicable principles and code provisions set out in the CG Code during the year ended 31 December 2023.

The Company is committed to the view that the Board should include a balanced composition of executive Directors and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

Trainings of the directors

To ensure that each Director's better understanding in respect of the Company's conduct and business activities to perform their responsibilities as a Director, the Company will arrange appropriate training, including arranging and funding suitable training and professional development programme for the Directors. For newly appointed Directors, the Company shall also arrange for suitable induction training, so as to ensure that they have an appropriate understanding of the business and operations of the Group and that they are fully aware of their responsibilities and obligations under the Listing Rules and relevant regulatory requirements upon commencement of their directorship in the Company. During year ended 31 December 2023, all the Directors, together with the relevant senior management of the Company, have attended suitable induction and/or trainings arranged by the Company. The summary of training received by the Directors is as follows:

Directors	Type of Training *(Note 1)*
Executive Directors	
Mr. Liu Yuqi *(Chairman)* *(appointed on 12 January 2024)*	A
Mr. Liu Yuhui *(Chairman)* *(resigned on 12 January 2024)*	A
Ms. Luo Hongping	A
Non-executive Directors	
Ms. Wang Tao	A
Ms. Hou Sanli	A
Independent Non-executive Directors	
Ms. Luo Ying	A
Ms. Zhang Qian	A
Ms. Zou Dan	A

Note 1: A. regulatory

THE BOARD

The Board currently consists of seven Directors, comprising two executive Directors, two non-executive Directors and three independent non-executive Directors. The powers and duties of the Board include convening general meetings and reporting the Board's work at the Shareholders' meetings, determining the Group's business and investment plans, preparing annual financial budgets and final reports of the Group, formulating proposals for profit distributions and exercising other powers, functions and duties as conferred by the Articles of Association. The Board assumes the responsibility of leadership and control of the Company, supervises and approves strategic development objectives, significant decisions of operations and financial performance and takes decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing them. Senior management of the Company is responsible for the day-to-day operations and management of the Group's business. Executive Directors and senior management of the Company meet regularly to review the performance of the businesses of the Group as a whole, co-ordinate overall resources and make financial and operational decisions. The Board also gives clear directions as to their powers of management including circumstances where management should report back, and will review the delegation arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Group.

The Board has established various Board committees and has delegated various duties to the Board committees, including the Audit Committee, the Remuneration Committee, and the Nomination Committee (collectively, the "**Board Committees**"). All the Board Committees perform their distinct roles in accordance with their respective terms of reference.

BOARD COMPOSITION

Executive Directors

Mr. Liu Yuqi *(Chairman)*
(appointed on 12 January 2024)
Mr. Liu Yuhui *(Chairman)*
(resigned on 12 January 2024)
Ms. Luo Hongping

Non-executive Directors

Ms. Wang Tao
Ms. Hou Sanli

Independent non-executive Directors

Ms. Luo Ying
Ms. Zhang Qian
Ms. Zou Dan

Mr. Liu Yuqi has obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 11 January 2024 and he has confirmed he understood his obligations as a director of the Company.

The Company has entered into service agreements with each of the executive Director, and letters of appointment with each of the non-executive Directors and independent non-executive Directors. Further details of the term of appointment of the Directors are set out in the section headed "Report of the Directors — Directors' service Agreements and Letters of Appointment" on page 48 of this annual report.

The Directors' respective biographical information is set out on pages 22 to 26 of this annual report. Save as disclosed, there is no relationship (including financial, business, family or other material relationship) between members of the Board.

During the year ended 31 December 2023, the Board had complied with Rule 3.10 and Rule 3.10A of the Listing Rules relating to the appointment of (i) at least three independent non-executive Directors; (ii) independent non-executive Directors representing one-third of the Board; and (iii) at least one independent non-executive Director possessing appropriate qualification, or accounting or related financial management expertise.

The Company has received from each independent non-executive Director an annual written confirmation of his/her independence in accordance with Rule 3.13 of the Listing Rules. The Company considers each of the independent non-executive Directors to be independent.

Chairman and chief executive officer

During the year ended 31 December 2023, the roles of chairman and chief executive officer of the Company were separately performed by Mr. Liu Yuhui and Mr. Luo Ziqin respectively. Subsequent to Mr. Liu Yuhui's resignation of the chairman, Mr. Liu Yuqi served as the chairman of the Company, with effect from 12 January 2024.

Board meetings and annual general meeting

The Board meets regularly to discuss and formulate the overall strategy, operations and financial performance of the Group. Board meetings are held at least four times a year and notices of Board meetings are given to the Directors 14 days before the convening of the meeting, in order to give all Directors the opportunity to attend.

During the year ended 31 December 2023, the Board held 4 Board meetings and 2 general meetings and the Directors made positive contributions to the affairs of the Group. The attendance record of each Director is set out below:

Name of Director	Number of Board meetings attended/ number of Board meetings entitled to attend	Number of Audit Committee meetings attended/ number of Audit Committee meetings entitled to attend	Number of Remuneration Committee meetings attended/number of Remuneration Committee meetings entitled to attend	Number of Nomination Committee meetings attended/number of Nomination Committee meetings entitled to attend	Number of general meetings attended/number of general meetings entitled to attend
Executive Directors					
Mr. Liu Yuhui *(Chairman) (Note 1)*	4/4	N/A	1/1	1/1	2/2
Ms. Luo Hongping	4/4	N/A	N/A	N/A	2/2
Non-executive Directors					
Ms. Wang Tao	4/4	N/A	N/A	N/A	2/2
Ms. Hou Sanli	4/4	N/A	N/A	N/A	2/2
Independent non-executive Directors					
Ms. Luo Ying	4/4	2/2	1/1	1/1	2/2
Ms. Zhang Qian	3/4	1/2	1/1	1/1	2/2
Ms. Zou Dan	4/4	2/2	N/A	N/A	2/2

Note 1: Mr. Liu Yuhui resigned from the positions of, among others, an executive Director, the chairman, a member of Remuneration Committee and the chairman of the Nomination Committee on 12 January 2024. Subsequent to Mr. Liu Yuhui's resignation, Mr. Liu Yuqi was appointed to the aforementioned positions with effect from 12 January 2024.

BOARD COMMITTEES

The Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee and delegated various responsibilities to these committees, which assist the Board in discharging its duties and overseeing particular aspects of the Group's activities. Each of the Board Committees has specific written terms of reference which clearly specify their authority and duties. The chairpersons of the Board Committees will report their findings and recommendations to the Board after each meeting of the Board Committees.

Audit Committee

The Company established the Audit Committee in compliance with Rules 3.21 to 3.23 of the Listing Rules with written terms of reference in compliance with the code provision D.3 of the CG Code on 22 June 2021. The Audit Committee currently consists of three independent non-executive Directors, namely Ms. Zou Dan (being the chairlady of the Audit Committee), Ms. Luo Ying and Ms. Zhang Qian. In compliance with Rule 3.21 of the Listing Rules, the chairlady of the audit committee possesses the appropriate professional and accounting qualifications.

The primary duties of the Audit Committee include, but not limited to (i) reviewing and supervising our financial reporting process and internal control system of our Group, risk management and internal audit; (ii) providing advice and comments to our Board; and (iii) performing other duties and responsibilities as may be assigned by our Board.

During the year ended 31 December 2023, 2 meetings of the Audit Committee were held to (i) review 2022 annual results , 2022 annual report, 2023 interim results and 2023 interim report for submission to the Board for approval; (ii) review the internal control and risk management systems of the Group; (iii) review and monitor the effectiveness of internal audit function and oversee the audit process; and (iv) review the resources of accounting and financial reporting functions of the Group.

The Audit Committee held the meeting on 27 March 2024 at which, among other things, it reviewed the audited consolidated results of the Company for the year ended 31 December 2023, including the accounting principles and practices adopted by the Group, made recommendations to the Board for its consideration and re-appointment of Ernst & Young as the independent auditor of the Company at the AGM to be held on 30 May 2024.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control, risk management and financial reporting matters including the review of the audited annual consolidated financial statements of the Company for the year ended 31 December 2023. The Audit Committee is of the opinion that the preparation of the relevant financial statements complied with the applicable accounting standards and requirements and that adequate disclosure has been made.

Remuneration Committee

The Company established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules on 22 June 2021 and the code provision E.1 of the CG Code. The Remuneration Committee currently consists of three members, namely Ms. Zhang Qian (being the chairlady of the Remuneration Committee), Mr. Liu Yuqi and Ms. Luo Ying. Mr. Liu Yuhui resigned as a member of the Remuneration Committee on 12 January 2024 and Mr. Liu Yuqi was appointed as a member of the Remuneration Committee on the same day.

The primary duties of the Remuneration Committee include, but not limited to (i) establishing, reviewing and providing advices to our Board on our policy and structure concerning remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration; (ii) determining the terms of the specific remuneration package of each executive Director and senior management member; (iii) reviewing the remuneration of non-executive Directors and recommending to the Board for approval; (iv) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time; and (v) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules. Each of the Directors will abstain from recommending or approving his/her own Director's remuneration.

During the year ended 31 December 2023, one meeting of the Remuneration Committee was held to (i) confirm the remuneration of Directors for 2023; (ii) to discuss and determine the remuneration adjustments of individual executive Directors for 2024; and (iii) reviewing the remuneration adjustments of non-executive Directors for 2024 and recommending to the Board for approval.

On 28 March 2024, the Remuneration Committee held a meeting to (i) discuss and make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration; and (ii) review the remuneration packages of individual Directors and senior management.

Nomination Committee

The Company established the Nomination Committee on 22 June 2021 with written terms of reference in compliance with the code provision B.3 of the CG Code as set out in Appendix C1 to the Listing Rules. The Nomination Committee currently consists of three members, namely Mr. Liu Yuqi, Ms. Luo Ying and Ms. Zhang Qian. Mr. Liu Yuqi currently serves as the chairman of the Nomination Committee. Mr. Liu Yuhui resigned as the chairman of the Nomination Committee on 12 January 2024 and Mr. Liu Yuqi was appointed as the chairman of the Nomination Committee on the same day.

The primary duties of the Nomination Committee include, but not limited to (i) review the structure, size and composition of our Board on a regular basis and make recommendations to the Board regarding any proposed changes to the composition of our Board; (ii) identify, select or make recommendations to our Board on the selection of individuals nominated for directorship, and ensure the diversity of our Board members; (iii) assess the independence of our independent non-executive Directors; and (iv) make recommendations to our Board on relevant matters relating to the appointment, re-appointment and removal of our Directors and succession planning for our Directors.

During the year ended 31 December 2023, one meeting of the Nomination Committee was held to review the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board and the re-appointment of Directors who are subject to retire by rotation.

On 28 March 2024, the Nomination Committee held a meeting to (i) review the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board; (ii) assess the independence of independent non-executive Directors; (iii) review the Board Diversity Policy and the policy on nomination of Directors (the "**Nomination Policy**"); and (iv) review the re-appointment of Directors who are subject to retire by rotation at the forthcoming AGM.

Nomination policy

The Company has adopted a Nomination Policy which sets out the selection criteria and procedures to nominate board candidates. The Nomination Committee aims to nominate suitable candidates to the Board and advise the Board on the appointment of directors and make recommendation to the Board, after assessing a number of factors of a candidate as set out in the nomination policy.

Pursuant to the Nomination Policy, the Nomination Committee shall identify suitable board candidates and make recommendation to the Board, after assessing a number of factors of a candidate, including, but not limited to:

- reputation for integrity
- accomplishment and experience
- compliance with legal and regulatory requirements
- commitment in respect of available time and relevant interest
- diversity in all its 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

The Nomination Committee may also consider such other factors as it may deem are in the best interests of the Company and the Shareholders as a whole.

The Nomination Committee will review the nomination policy, as appropriate, and recommend revision to the Board for consideration and approval from time to time.

The nomination process set out in the Nomination Policy is as follows:

Appointment of New Director

(i) The Nomination Committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents.

(ii) 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.

(iii) 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).

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

Re-election of Director at General Meeting

(i) 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.

(ii) 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.

(iii) 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.

Board diversity policy

To enhance the effectiveness of the Board and to maintain the high standard of corporate governance, the Board has adopted a board diversity policy which sets out the approach to achieve diversity on our Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in supporting the attainment of our Company's strategic objectives and sustainable development. Our Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board.

Our Board currently comprises of seven members, including one female executive Director, two female non-executive Directors and three female independent non-executive Directors and one male executive Director. The Directors also have a balanced mix of knowledge, skills and experience, including commercial property operation, overall business management, finance and investment. They have obtained tertiary degrees in various majors including accounting, psychology, law, computer science and economics. We have three independent non-executive Directors who have different industry backgrounds, representing over one-third of our Board members. Furthermore, the Board has a wide range of age, ranging from 40 years old to 56 years old. We have taken and will continue to take steps to promote gender diversity at all levels of the Company, including without limitation at the Board and senior management levels.

The Nomination Committee will review the board diversity policy and its implementation from time to time to ensure its implementation and monitor its continued effectiveness, and the same will be disclosed in our corporate governance report in accordance with the Listing Rules, including any measurable objectives set for implementing the board diversity policy and the progress on achieving these objectives on an annual basis. Our Directors recognize the particular importance of gender diversity and that gender diversity at the Board level can be improved given its current composition of six female Directors out of a total of seven Directors. The Nomination Committee will use its best effort to identify and recommend male candidates to our Board for its consideration for appointment as Directors, and the Company will, make effort to appoint one more male Director to achieve a parity in respect of gender diversity.

Nevertheless, with a view to developing a pipeline of potential successors to our Board that may meet the target gender diversity, our Group will (i) continue to apply the principle of appointments based on merits with reference to board diversity as a whole; (ii) take steps to promote gender diversity at all levels of our Group by recruiting staff at a mid to senior level with regard to the benefits of gender diversity; and (iii) engage more resources in training male staff who we consider having the suitable experience, skills and knowledge for our business to equip themselves with the attributes and competencies required to serve as members of our Board in light of our strategic needs and the industry in which we operate with the aim of promoting them to our Board in a few years' time.

Gender Diversity of Employees

As at 31 December 2023, the Group has a total of 5,644 employees, and the ratio of male to female employees is approximately 0.9:1 (As at 31 December 2022: 4:3). The Nomination Committee considered that the current ratio of male and female employees is relatively balanced.

Up to the date of this annual report, the Nomination Committee is in progress of identifying suitable male candidate(s) for appointment to the Board on merit against objective criteria.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the CG Code.

During the year ended 31 December 2023, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development 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 the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

The Board has resolved to adopt a Board Independence Evaluation Mechanism, to ensure independent view and input are available to the Board. The Board Independence Evaluation Mechanism includes various measures to ensure independent views and input are available to the Board.

The Board shall at all times comprise at least three independent non-executive Directors that represent at least one-third of the Board, such that there is always a strong element of independence on the Board which can effectively exercise independent judgment. Each independent non-executive Director is required to provide an annual confirmation of his/her independence to the Company and the nomination committee of the Company is responsible to assess the independence of each independent non-executive Director at least annually.

All the Directors, including the independent non-executive Directors, are given equal opportunity and channels to communicate and express their views to the Board and have separate and independent access to the management of the Group in order to make informed decisions. 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 chairman of the Board will hold meetings with the independent non-executive Directors without the involvement of other Directors at least annually to discuss any issues and concerns. Any Director or his/her associate who has a conflict of interest in a matter to be considered by the Board will be dealt with by a physical Board meeting rather than by written resolutions. Such Director will be required to declare his/her interests before the meeting and abstain from voting and not counted towards the quorum on the relevant resolutions. Independent non-executive Directors who, and whose associates, have no interest in the matter should attend the Board meeting.

The Board has reviewed and considered that the Board Independence Evaluation Mechanism is effective in ensuring that independent views and input are provided to the Board during the year ended 31 December 2023.

ANNUAL REMUNERATION PAYABLE TO THE MEMBERS OF SENIOR MANAGEMENT

The annual remuneration of the members of the senior management by band for the year ended 31 December 2023 is as follows:

Remuneration bands (RMB)	Number of individuals
Nil–1,000,000	1
1,000,001–2,000,000	—

DIRECTORS' REMUNERATION POLICY

The Directors' remuneration policy is set out in the section headed "Management Discussion and Analysis — Employees and Remuneration Policy" on page 21 of this annual report.

AUDITOR'S REMUNERATION

The Company has appointed Ernst & Young as its external auditors for the year ended 31 December 2023.

During the year ended 31 December 2023, the remunerations paid or payable to Ernst & Young in respect of its audit services and non-audit services are RMB1.2 million and nil respectively.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibilities for preparing all information and representations contained in the consolidated financial statements of the Group for the year ended 31 December 2023, which give a true and fair view of the state of affairs of the Group and of the operating results and cash flow for the year. The Directors consider that the financial statements have been prepared in conformity with all applicable accounting standards and requirements and reflect amounts that are based on the best estimates, reasonable information and prudent judgment of the Board and the management. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements of the Group on a going concern basis.

The statements of the auditor of the Group about its reporting responsibility on the consolidated financial statements of the Group are set out in the Independent Auditor's Report on pages 60 to 64 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board confirms that it is responsible for maintaining adequate and effective risk management and internal control systems for the Group as a going concern and reviews annually the effectiveness of the Company's internal controls and risk management systems to ensure the adequacy of the internal controls and the risk management systems in place. These systems are designed to manage, not eliminate, the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance that there will be no material misstatement or loss.

Risk management structure of the company

The Group believes that risk management is crucial to the success of the business of the Group in the PRC. Key operational risks facing the Group include changes in PRC political and economic conditions, changes in the PRC regulatory environment.

To monitor the ongoing implementation of our risk management policies and corporate governance measures after the Listing, the Group has adopted or will adopt risk management and internal control measures which primarily include:

- The legal audit department has formulated the risk management strategies, which have been reviewed and approved by the board of directors. The legal audit department is responsible for implementing our risk management strategies into the company's internal policies and internal procedures, assisting various business departments in improving their operation policies and procedures, and inspecting and evaluating the implementation and effectiveness of the risk management strategies.

- The operation management center, the legal audit department and finance personnel conduct real-time monitoring on the implementation of the company's business plans and strategic plans, record, summarize, analyze and process various types of relevant information, and keep risk management records. Each department shall report the business risk situation of the department to the internal audit department.

- The existing risk management strategies, policies and procedures will be timely revised and adjusted in response to material changes in the internal and external circumstances, to maintain their feasibilities and effectiveness.

- Sensitive and efficient risk handling and emergency management mechanisms have been established to reduce risk losses. For emerging major risks for which we lack a risk emergency response plan, the legal audit department will immediately coordinate with relevant departments, organize relevant personnel to study and formulate a risk response plans, and obtain approval from the board of directors for approval before implementing such plans.

- When a risk arises, the person in charge of the relevant unit must immediately report to the legal audit department. After the legal audit department receives the risk report, they will promptly evaluate the risk and determine whether it is a general internal risk or a corporate crisis that causes significantly negative impact on the corporate reputation, business activities and internal management. The person in charge of the relevant unit or the relevant personnel will be instructed to handle general internal risks while corporate crises must be handled in accordance with risk crisis procedures.

Risk management and internal control procedure

The Company has established internal control measures led by the Board whereby the management is responsible for assisting the Board in completing the identification and evaluation of risk factors of the business systems, implementing the Company's policies and procedures and participating in the design and operation of such measures that meet the Company's management requirements, which provides reliable assurance for the Company to carry out its business to prevent the occurrence of significant operational risks and losses. The Group also has an internal audit and risk control function which primarily carries out analysis and independent appraisal of the adequacy and effectiveness of its risk management and internal control systems, and reports their findings to the Board on, at least, an annual basis.

Risk management and internal control review

The risk management and internal control systems are reviewed and assessed on an on-going basis by the Audit Committee and the executive Directors, and will be further reviewed and assessed at least once each year by the Board.

The annual review in respect of the year ended 31 December 2023 has considered, among others (i) adequacy of resources; (ii) staff qualifications and experience; (iii) training programmes for the staff; and (iv) budget of the Group's accounting, internal audit and financial reporting functions. The Board also conducted a comprehensive evaluation on the timeliness, effectiveness and normativity of the procedures for handling and releasing inside information of the Company, as well as the effectiveness of the Company's processes for financial reporting and Listing Rules compliance.

During the year ended 31 December 2023, these systems were reviewed, covering all material controls including financial, operational and compliance controls of the Group, and considered effective and adequate.

Dissemination of inside information

The Group has in place a framework for the disclosure of inside information by reference to the Guidelines on Disclosure of Inside Information issued by the Securities and Futures Commission of Hong Kong. The framework sets out the procedures and internal controls for the handling and dissemination of inside information in an appropriate and timely manner, such as steps to ascertain sufficient details, conduct internal assessment of the matter and its likely impact on the Company, seek professional advice where required and verification of the facts. Before the information is fully disclosed to the public, any persons who possess the knowledge of such information must ensure strict confidentiality and must not deal in any of the Company's securities.

Whistle-blowing Policy

The Group has formulated internal policies and established an effective whistle-blowing system. On the one hand, the establishment of whistle-blowing policies and systems aims to strengthen internal integrity management and ensure a healthy and sustainable development for the Group; on the other hand, those who deal with the Group (e.g. customers and suppliers) can raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matter related to the Group.

In order to effectively prevent fraud, the Group has set up a special whistle-blowing mailbox to encourage employees and others who deal with the Group to report disciplinary violations through e-mail and other means. The management of the Group will regularly inspect whether the whistle-blowing channel is effective, investigate and report the reported matters.

Anti-Corruption Policy

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 Anti-Corruption Policy is available on the website of the Company.

During the year ended 31 December 2023, the Company held thrice (three times) anti-corruption training and briefing to all employees. There were no non-compliance cases in relation to bribery and corruption.

SHAREHOLDERS' RIGHT

Convening an extraordinary general meeting

Pursuant to article 58 of the Company's Articles of Association, extraordinary general meetings shall be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting forward proposals at Shareholders' meetings

There are no provisions in the Company's Articles of Association for the Shareholders to put forward proposals at general meetings. Shareholders who wish to put forward proposals may request the Company to convene an extraordinary general meeting in accordance with the procedures set out in the above paragraph headed "Convening an extraordinary general meeting".

Enquiries to the Board

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

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

Address:	44/F, Tower A, Leading International Finance Center No. 151, 2nd Tianfu Street, Gaoxin District, Chengdu, Sichuan Province, PRC
E-mail address:	lingyue@lingyue-service.com

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS RELATIONS

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

Shareholders' Communication Policy

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 Board has reviewed the implementation and effectiveness of the Shareholders' Communication Policy and the results were satisfactory.

The Company has established a number of channels for maintaining an on-going dialogue with its Shareholders as follows:

(a) Corporate Communication

"Corporate Communication" as defined under the Listing Rules refers to any document issued or to be issued by the Company for the information or action of holders of any of its securities, including but not limited to the following documents of the Company: (a) the Directors' report, annual accounts together with a copy of the auditor's report and, where applicable, its summary financial report; (b) the interim report and, where applicable, its summary interim report; (c) a notice of meeting; (d) a listing document; (e) a circular; and (f) a proxy form. The Corporate Communication of the Company will be published on the Stock Exchange's website (www.hkex.com.hk) in a timely manner as required by the Listing Rules. Corporate Communication will be provided to Shareholders and non-registered holders of the Company's securities in both English and Chinese versions or where permitted, in a single language, in a timely manner as required by the Listing Rules. Shareholders and non-registered holders of the Company's securities shall have the right to choose the language (either English or Chinese) or means of receipt of the Corporate Communication (in printed form or through electronic means).

(b) *Announcements and Other Documents pursuant to the Listing Rules*

The Company shall publish announcements (on inside information, corporate actions and transactions etc.) and other documents (e.g. Memorandum and Articles of Association) on the Stock Exchange's website in a timely manner in accordance with the Listing Rules.

(c) *Corporate Website*

Any information or documents of the Company posted on the Stock Exchange's website will also be published on the Company's website (www.lingyue-service.com). Other corporate information about the Company's business developments, goals and strategies, corporate governance and risk management will also be available on the Company's website.

(d) *Shareholders' Meetings*

The annual general meeting and other general meetings of the Company are primary forum for communication between the Company and its Shareholders. The Company shall provide Shareholders with relevant information on the resolutions(s) proposed at a general meeting in a timely manner in accordance with the Listing Rules. The information provided shall be reasonably necessary to enable Shareholders to make an informed decision on the proposed resolution(s). Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at the meetings for and on their behalf if they are unable to attend the meetings. Where appropriate or required, the Chairman of the Board and other Board members, the chairmen of board committees or their delegates, and the external auditors should attend general meetings of the Company to answer Shareholders' questions (if any). The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent Shareholders' approval.

(e) *Shareholders' Enquiries*

Enquiries about Shareholdings

Shareholders should direct their enquiries about their shareholdings to the Company's share registrar, Computershare Hong Kong Investor Services Limited, via its online holding enquiry service at www.computershare.com/hk/contact or call its hotline at (852) 2862 8555, or go in person to its public counter at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Enquiries about Corporate Governance or Other Matters to be put to the Board and the Company

The Company will not normally deal with verbal or anonymous enquiries. Shareholders may send any enquiries to the Board by email: lingyue@lingyue-service.com or by post to 44/F, Tower A, Leading International Finance Center, No. 151, 2nd Tianfu Street, Gaoxin District, Chengdu, Sichuan Province, PRC.

(f) Other Investor Relations Communication Platforms

Investor/analysts briefings, roadshows (both domestic and international), media interviews, marketing activities for investors and specialist industry forums etc. will be launched on a required basis.

The Company has reviewed the shareholders' communication policy and considers that the Company has provided various channels for investors to understand the business and operations of the Group as well as channels for investors to express their opinions and comments. The Company believes that the shareholders' communication policy implemented during the Year is adequate and effective.

COMPANY SECRETARY

Mr. So Wing Chun currently serves as the company secretary of the Company. Ms. Luo Hongping is the principal contact person of Mr. So Wing Chun in the Company. Each of Ms. Luo Hongping and Ms. Tang King Yin resigned as the joint company secretary of the Company on 23 February 2024 and Mr. So Wing Chun was appointed as company secretary of the Company on the same day. Ms. Tang King Yin is a senior manager of an external service provider, Tricor Services Limited, assisting Ms. Luo Hongping in discharging her duties as the company secretary of the Company. During the year ended 31 December 2023, Ms. Luo Hongping was the principal contact person of Ms. Tang King Yin in the Company. Each of Ms. Luo Hongping and Ms. Tang King Yin has confirmed that for the year ended 31 December 2023, they have taken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules. The biography of Mr. So Wing Chun is set out in the "Biographies of Directors and Senior Management" section on page 26 of this report.

CONSTITUTIONAL DOCUMENTS

The Company's Articles of Association has been amended and restated with effect from the Listing Date, and are available on the respective website of the Stock Exchange and the Company.

In order to reflect and align with the new requirements under the amendments on the Listing Rules with effect from 1 January 2022, the Board proposed to put forward to the Shareholders for approval at the annual general meeting which was convened and held on 19 June 2023 a special resolution to amend the articles of association of the Company and to adopt the amended and restated Articles of Association in substitution for, and to the exclusion of, the Articles of Association.

The proposed amendments to the Articles of Association (the "**Proposed Amendments**") were mainly related to core shareholder protection standards set out in Appendix 3 (now known as Appendix A1) to the Listing Rules. Full version of the Proposed Amendments was set out in the appendix to the circular of the Company dated 28 April 2023.

For further details, please refer to the announcements of the Company dated 21 April 2023 and 19 June 2023 and the circular of the Company dated 28 April 2023.

During the year ended 31 December 2023, save as disclosed above, the Company did not made any significant changes to its constitutional documents.

Report of the Directors

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of property management services, value-added services to non-property owners and community value-added services for residential and non-residential properties in the PRC.

RESULTS

The results of the Group for the year ended 31 December 2023 are set out in the "Management Discussion and Analysis" section of this report and the consolidated statement of profit or loss and other comprehensive income of the Group on pages 65 to 66 of this report.

FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the past five financial years is set out on page 146 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 31 December 2023 are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year ended 31 December 2023 are set out in note 26 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group and of the Company during the year ended 31 December 2023, and reserves available for distribution to Shareholders by the Company as at 31 December 2023 are set out on pages 69 to 70 and pages 144 to 145 of this report.

USE OF NET PROCEEDS FROM THE LISTING

On 12 July 2021, the Shares were listed on the Stock Exchange and in connection with the Listing, 70,000,000 new Shares with a nominal value of HK$0.01 each were issued at a price of HK$4.19 per Share for a total cash consideration of HK$293.3 million, before deducting underwriting fees, commissions and related expenses. On 9 August 2021, the Company allotted and issued further 5,685,000 Shares at a subscription price of HK$4.19 per Share pursuant to the partial exercise of the Over-allotment Option. The Company received net proceeds (after deduction of underwriting commissions and related costs and expenses) from the Global Offering (including the partial exercise of the Over-allotment Options) of approximately HK$278.0 million.

As stated in the Prospectus and the announcement of the Company dated 5 August 2021, the Group intended to use the net proceeds as follows: (i) approximately 70.0% or HK$194.6 million, will be used for strategic acquisitions and investments; (ii) approximately 20.0% or HK$55.6 million, will be used to upgrade information system and equipment; and (iii) approximately 10.0% or HK$27.8 million, will be used for working capital and general corporate purposes. As at the date of this report, approximately HK$38.0 million of the net proceeds raised from the Listing were applied by the Company. The net proceeds would be allocated and used according to the purposes and timeframe set out in the Prospectus.

The following table sets forth details of the net proceeds as at the date of this report:

	Planned use of net proceeds as stated in the Prospectus and taking into account the net proceeds received from the partial exercise of the Overallotment Option		Unutilised net proceeds as at 1 January 2023	Actual use of net proceeds for the year ended 31 December 2023	Unutilised net proceeds as at 31 December 2023	Expected utilising timeline for unutilised net proceeds	
	Approximate percentage	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million* 2024	*HK$'million* 2025
Strategic acquisition and investment							
— Acquire and invest in other property management companies	70.0%	194.6	194.6	1.3	193.3	97.3	96.0
Upgrade information system and equipment							
— Upgrade Lingyue Service Smart Property Management Platforms	10.0%	27.8	27.1	0.6	26.5	11.1	15.4
— Upgrade and improve equipment and facilities in the communities under our management	10.0%	27.8	24.2	4.0	20.2	11.1	9.1
Working capital	10.0%	27.8	—	—	—	—	—
Total	100.0%	278.0	245.9	5.9	240.0		

As at the date of this report, the unutilised net proceeds were applied to short-term demand deposits with well-established and licensed commercial banks and authorized financial institutions. Further details of the breakdown and description of the use of proceeds are set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. The Directors were not aware of any material change to the planned use of proceeds as at the date of this report. The unutilised net proceeds and its following intended timeframe for utilisation will be applied in the manner consistent with that mentioned in the Prospectus.

BORROWINGS

As at 31 December 2023, the Company did not have any borrowings (31 December 2022: Nil).

DEBENTURES

During the year ended 31 December 2023, the Company did not issue any debentures.

DIVIDEND POLICY AND FINAL DIVIDEND

Dividend policy

Provision F.1.1 of the CG Code stipulates that the Company should have a policy on payment of dividends. The Group has no fixed dividend policy and, subject to the compliance with the relevant laws of the Cayman Islands and Articles of Association, the Company may have the right to declare dividends in any currency to be paid to the shareholders in general meeting, but no dividend may be declared in excess of the amount recommended by our Board. The Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to Articles of Association and relevant laws of the Cayman Islands. In addition, the Directors may from time to time pay such interim dividends as the Board considers to be justified by the profits and overall financial requirements, or special dividends of such amounts and on such dates as they think appropriate. No dividend shall be declared or payable except out of the Group's profits, retained earnings or share premium, subject to a solvency test being satisfied. The future declarations of dividends will be at the absolute discretion of the Board. Any dividend distribution (other than interim dividend mentioned above) will also be subject to the approval of the Shareholders in the Shareholders' meeting.

Final dividend

The Board did not recommend the payment of a final dividend for the year ended 31 December 2023.

As at 31 December 2023, there was no arrangement under which a Shareholder had waived or agreed to waive any dividends.

ANNUAL GENERAL MEETING

The AGM will be convened and held on Thursday, 30 May 2024. A notice convening the AGM will be published on the Company's website and the website of Hong Kong Exchanges and Clearing Limited and dispatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining the Shareholders' eligibility to attend, speak and vote at the AGM, the register of members of the Company will be closed from Monday, 27 May 2024 to Thursday, 30 May 2024, both days inclusive, during which period no transfer of Shares will be effected. In order to determine the identity of members who are entitled to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 24 May 2024.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2023, revenue attributable to the five largest customers in aggregate accounted for less than 10.0% of the Group's revenue for the Year.

During the year ended 31 December 2023, purchases attributable to the Group's largest supplier amounted to approximately 18.8% of the Group's total purchases and the Group five largest suppliers in aggregate accounted for approximately 28.0% of the Group's total purchase for the Year.

Save as disclosed above, none of the Directors, their close associates or any Shareholders, which to the knowledge of the Directors owned more than 5% of the Company's issued Shares, had an interest in the share capital of any of the five largest suppliers.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the paragraph headed "Share Option Scheme" in this section, no equity-linked agreements were entered into by the Group, or existed during the year ended 31 December 2023.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2023.

BOARD OF DIRECTORS

The Directors during the year ended 31 December 2023 and up to the date of this report were:

Executive Directors

Mr. Liu Yuqi *(Chairman)*
(appointed on 12 January 2024)
Mr. Liu Yuhui *(Chairman)*
(resigned on 12 January 2024)
Ms. Luo Hongping

Non-executive Directors

Ms. Wang Tao
Ms. Hou Sanli

Independent non-executive Directors

Ms. Luo Ying
Ms. Zhang Qian
Ms. Zou Dan

DIRECTORS' SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT

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

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

All the Directors, including the independent non-executive Directors, are subject to retirement by rotation at the annual general meetings of the Company pursuant to the Articles of Association.

None of the Directors has entered into specific service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each independent non-executive Director an annual written confirmation of her independence in accordance with Rule 3.13 of the Listing Rules for the year ended 31 December 2023. The Company considers each of the independent non-executive Directors to be independent.

DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and those of the five highest paid individuals of the Group for the year ended 31 December 2023 are set out in note 8 and note 9 to the consolidated financial statements.

None of the Directors waived his/her emoluments or has agreed to waive his/her emoluments for the year ended 31 December 2023.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the section headed "Continuing Connected Transactions" below and the related party transactions as set out in note 31 to the consolidated financial statements, there was no transaction, arrangement or contract of significance subsisting during or at the end of the year ended 31 December 2023, to which the Company, its holding company or subsidiary was a party, and in which the Directors or their respective connected entities were materially interested, either directly or indirectly.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2023, none of the Directors nor their respective associates (as defined in the Listing Rules) had any interest in a business that competed or might compete with the business of the Group.

MANAGEMENT CONTRACTS

During the year ended 31 December 2023, no contract concerning the management of the whole or substantial part of any business of the Company was entered into, or subsisted at the end of the year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed under the section headed "Share Option Scheme" below, none of the Company, its holding company, or any of its subsidiaries was a party to any arrangement enabling the Directors to acquire benefits by means of the acquisition of equity or debt securities, including the debentures of the Company or any other body corporate during the year ended 31 December 2023.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACT OF SIGNIFICANCE

Save as disclosed in the section headed "Continuing Connected Transactions" below and the related party transactions as set out in note 31 to the consolidated financial statements, no contract of significance was entered into between the Company or any of its subsidiaries and the controlling shareholders of the Company or any of its subsidiaries, and no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder of the Company or any of its subsidiaries was entered into during the year ended 31 December 2023.

CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2023, the Company conducted the following transactions which constituted continuing connected transactions (as defined in the Listing Rules), which are subject to the reporting and annual review requirements under Chapter 14A of the Listing Rules:

1. Leading Holdings Group Property Management Services Framework Agreement

On 16 November 2020, Lingyue Property Services (for itself and on behalf of its subsidiaries) entered into a property management services framework agreement (the "**Leading Holdings Group Property Management Services Framework Agreement**") with Leading Holdings Group (for itself and on behalf of its subsidiaries), pursuant to which we agreed to provide on-site management services for construction sites, display units and on-site sales offices (the "**On-site Management Services**") and other property management services to Leading Holdings Group, including but not limited to, consultancy services prior to delivery of properties and property management services for properties and carparks owned by Leading Holdings Group (collectively, the "**Property Management Services**"). On 28 July 2023, the Company entered into a property management services framework agreement (the "**2023 Leading Holdings Group Property Management Services Framework Agreement**") with Leading Holdings with to renew the Leading Holdings Group Property Management Services Framework Agreement for a term commencing from 1 January 2023 to 31 December 2025 (both days inclusive), which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

The Directors estimated that the maximum transaction amounts under the 2023 Leading Holdings Group Property Management Services Framework Agreement for the year ending 31 December 2023 would not exceed RMB129.0 million. The actual transaction amount was RMB68.8 million during the year ended 31 December 2023.

Leading Holdings is a 30%-controlled company (as defined in the Listing Rules) of the Ultimate Controlling Shareholders. As such, Leading Holdings and its subsidiaries are connected persons of the Company for the purpose of the Listing Rules.

2. Mr. Liu Property Management Services Framework Agreement

On 22 June 2021, Lingyue Property Services (for itself and on behalf of its subsidiaries) entered into a property management services framework agreement (the "**Mr. Liu Property Management Services Framework Agreement**") with Mr. Liu Yuhui, pursuant to which we agreed to provide Property Management Services (as defined above) to Mr. Liu Yuhui's associates (excluding Leading Holdings Group) (the "**Relevant Associates**"). On 28 July 2023, the Company entered into a property management services framework agreement (the "**2023 Mr. Liu Group Property Management Services Framework Agreement**") with Mr. Liu Yuhui to renew the Mr. Liu Property Management Services Framework Agreement for a term commencing from 1 January 2023 to 31 December 2025 (both days inclusive), which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

The Directors estimated that the maximum transaction amounts under the 2023 Mr. Liu Property Management Services Framework Agreement for the year ending 31 December 2023 would not exceed RMB32.0 million. The actual transaction amount was RMB6.2 million during the year ended 31 December 2023.

Mr. Liu Yuhui is one of the Ultimate Controlling Shareholders. Therefore, the Relevant Associates are connected persons of the Company for the purpose of the Listing Rules.

The Group has extensive experience in on-site management of construction sites, display units and on-site sales offices and property management of properties and carparks. The Group has a long and stable cooperative relationship with Leading Holdings Group and the Relevant Associates. Through the provision of the Property Management Services to Leading Holdings Group and the Relevant Associates under the 2023 Leading Holdings Group Property Management Services Framework Agreement and 2023 Mr. Liu Property Management Services Framework Agreement (collectively, the "**2023 Property Management Services Framework Agreements**"), the Group can promote steady growth of its property management services business, thereby broadening the Group's revenue base, enhancing the profitability and bringing valuable returns to the Shareholders.

For further details of the 2023 Property Management Services Framework Agreements, please refer to the Company's announcements dated 28 July 2023, 29 September 2023, 31 October 2023 and 5 December 2023 and the Company's circular dated 15 November 2023.

Confirmation from the independent non-executive directors

Pursuant to Rule 14A.55 of the Listing Rules, all the independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that they have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the respective agreement governing the above continuing connected transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Confirmation from the auditors

In accordance with Rule 14A.56 of the Listing Rules, the Group has engaged its auditors to report on the Group's continuing connected transactions. The auditors of the Group have issued a letter to the Board confirming that nothing has come to their attention that causes them to believe that the above continuing connected transactions (a) have not been approved by the Company's board of directors; (b) were not, in all material respects, in accordance with the pricing policies of the Group for transactions involving the provision of goods or services by the Group; (c) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and (d) have exceeded the annual cap as set by the Company.

Related Party Transactions

Details of the related party transactions of the Group for the year ended 31 December 2023 are disclosed in note 31 to the consolidated financial statements. None of these related party transactions constitutes a connected transaction or continuing connected transaction as defined under the Listing Rules that is required to be disclosed, except for those described in the sub-section headed "Continuing Connected Transactions" above, in respect of which the disclosure requirements in accordance with Chapter 14A of the Listing Rules have been complied with.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme through Shareholders' written resolutions on 22 June 2021 (the "**Share Option Scheme**").

Details of the Share Option Scheme

(1) Purpose

The Share Option Scheme is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules and is established to recognise and acknowledge the contributions that the Eligible Participants (as defined in paragraph (2) below) had or may have made to our Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in our Company with the view to achieving the following objectives:

(i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of our Group; and

(ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of our Group.

(2) Participants

The Board may, at its discretion, offer to grant an option to the following persons (collectively the "**Eligible Participants**") to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (6) below:

(i) any full-time or part-time employees, executives or officers of our Company or any of its subsidiaries;

(ii) any directors (including independent non-executive directors) of our Company or any of its subsidiaries; and

(iii) any advisors, consultants, suppliers, customers, distributors and such other persons who in the sole opinion of the Board will contribute or have contributed to our Company or any of its subsidiaries.

(3) The maximum number of Shares available for issue

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not in aggregate exceed 10% of the aggregate of the Shares in issue on the day on which trading of the Shares commences on the Stock Exchange, and such 10% limit represents 28,000,000 Shares, representing 9.80% of the total Shares in issue as at the date of this report.

(4) Maximum number of options to any one individual

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

(5) Time of acceptance and exercise of option

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance or payment in favor of our Company of HK$1.00 by way of consideration for the grant thereof, is received by our Company on or before the relevant acceptance date. Such remittance or payment shall in no circumstances be refundable.

An option may, subject to the terms and conditions upon which such option is granted, be exercised in whole or in part by the grantee giving notice in writing to the Company in such form as the Board may from time to time determine stating that the option is thereby exercised and the number of Shares in respect of which it is exercised.

(6) Price of Shares

The subscription price for a Share under the Share Option Scheme shall be determined by the Board in its absolute discretion, but must be at least the highest of:

(i) the official closing price of our Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;

(ii) the average of the official closing prices of our Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and

(iii) the nominal value of a Share.

(7) Time of exercise of option and the duration of the Share Option Scheme

An option may be vested and exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The Share Option Scheme does not specify any minimum holding period but the Board has the authority to determine for which a share option must be held before it can be exercised. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the Listing Date. Subject to earlier termination by our Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the Listing Date. As at the date of this report, the remaining life of the Share Option Scheme is approximately seven years and three months.

For details of the Share Option Scheme, please refer to the section headed "Appendix V — Statutory and General Information — D. SHARE OPTION SCHEME — 1. Share Option Scheme" in the Prospectus.

Since the date of the adoption of the Share Option Scheme and up to the date of this report, no options have been granted, exercised, cancelled or lapsed under the Share Option Scheme, and there were no outstanding options under the Share Option Scheme. The number of options and awards available for grant under the Share Option Scheme at the beginning and the end of the financial year of 2023 is 28,000,000 Shares.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at 31 December 2023, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO, or as otherwise be notified to the Company and the Stock Exchange pursuant to the Model Code are set out below:

(i) interests in Shares or underlying Shares of the Company

Name of Director	Nature of Interest	Number of Shares(1)	Approximate percentage of interest in the Company(2)
Mr. Liu Yuhui(3)(4)(5)	Interest in controlled corporations	213,313,000 (L)	74.67%
Ms. Wang Tao(4)(6)	Interest in controlled corporations	213,313,000 (L)	74.67%
Ms. Hou Sanli(4)(7)	Interest in controlled corporations	213,313,000 (L)	74.67%

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) Calculated on the basis of 285,685,000 Shares in issue as at 31 December 2023.

(3) Mr. Liu Yuhui resigned as an executive Director with effect from 12 January 2024.

(4) Pursuant to the Acting in Concert Deed, our Ultimate Controlling Shareholders have agreed and confirmed that from the date when they became the registered owners and/or beneficial owners of the equity interests in our Group until after Listing and to the date when any one of them cease to be the controlling shareholders: (a) they had been and would continue to be parties acting in concert and they have agreed to consult with each other and reach an unanimous consensus among themselves before the decision, implementation and agreement on all material management affairs, votings and/or commercial decisions, including but not limited to financial and operational matters, of any member of our Group; (b) they had casted and would continue to cast their votes as directors and/or shareholders (as appropriate) unanimously for or against all resolutions in all board and shareholders' meetings and discussions of any member of our Group; and (c) they had cooperated and would continue to cooperate with one another to acquire, maintain and consolidate the control and management of our Group. By virtue of the SFO, each of our Ultimate Controlling Shareholders together with their respective investment holding companies (being Tianyue Holding, Linghui Holding, Yuelai Holding, Tianyue Capital, Fusheng Capital, Linghui Capital and Jin Sha Jiang) are all deemed to be interested in the total Shares directly held by Tianyue Holding, Linghui Holding, Yuelai Holding, Tianyue Capital, Fusheng Capital, Linghu Capital and Jin Sha Jiang. Therefore, each of Mr. Liu Yuhui, Ms. Wang Tao and Ms. Hou Sanli is deemed to be interested in the Shares held by Tianyue Holding, Linghui Holding, Yuelai Holding, Tianyue Capital, Fusheng Capital, Linghui Capital and Jin Sha Jiang for the purpose of Part XV of the SFO.

(5) Yuelai Holding is wholly owned by Mr. Liu Yuhui. By virtue of SFO, Mr. Liu Yuhui is deemed to be interested in the Shares held by Yuelai Holding.

(6) Tianyue Capital is wholly owned by Ms. Wang Tao. By virtue of SFO, Ms. Wang Tao is deemed to be interested in the Shares held by Tianyue Capital.

(7) Linghui Capital is wholly owned by Ms. Hou Sanli. By virtue of SFO, Ms. Hou Sanli is deemed to be interested in the Shares held by Linghui Capital.

(ii) interests in shares or underlying shares of the Company's associated corporations (long position)

Name of Director	Name of associated corporation	Nature of Interest	Number of Shares	Percentage of shareholding interest
Mr. Liu Yuhui(1)	Yuelai Holding	Beneficial owner	1	100%
	Jin Sha Jiang	Beneficial owner	1	100%
Ms. Wang Tao	Tianyue Capital	Beneficial owner	1	100%
Ms. Hou Sanli	Linghui Capital	Beneficial owner	1	100%

Note:

(1) Mr. Liu Yuhui resigned as an executive Director with effect from 12 January 2024.

Save as disclosed above, as at 31 December 2023, to the best knowledge of the Directors, none of the Directors and chief executives of the Company had interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS OF PERSONS OTHER THAN THE DIRECTORS AND CHIEF EXECUTIVES

As at 31 December 2023, the following persons, other than a Director or chief executive of the Company, had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Nature of interest/Capacity	Number of Shares held(1)	Approximate percentage of interest in the Company(2)
Mr. Liu Haowei(3)(4)	Interest in controlled corporation	213,313,000 (L)	74.67%
Tianyue Holding(3)(4)	Beneficial owner	68,960,430 (L)	24.14%
Mr. Liu Ce(3)(5)	Interest in controlled corporation	213,313,000 (L)	74.67%
Linghui Holding(3)(5)	Beneficial owner	68,939,640 (L)	24.13%
Yuelai Holding(3)(6)	Beneficial owner	68,939,640 (L)	24.13%
Ms. Long Yiqin(3)(7)	Interest in controlled corporation	213,313,000 (L)	74.67%
Ms. Chen Aoao(8)	Interest of spouse	213,313,000 (L)	74.67%
Ms. Lan Tian(9)	Interest of spouse	213,313,000 (L)	74.67%
Mr. Liu Yuqi(10)	Interest of spouse	213,313,000 (L)	74.67%
Mr. Liu Shan(11)	Interest of spouse	213,313,000 (L)	74.67%
Hai Yue Holding Limited	Beneficial owner	22,781,000 (L)	7.97%

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) Calculated on the basis of 285,685,000 Shares in issue as at 31 December 2023.

(3) Pursuant to the Acting in Concert Deed, the Ultimate Controlling Shareholders have agreed and confirmed that from the date when they became the registered owners and/or beneficial owners of the equity interests in the Group until after Listing and to the date when any one of them cease to be the controlling shareholders: (a) they had been and would continue to be parties acting in concert and they have agreed to consult with each other and reach an unanimous consensus among themselves before the decision, implementation and agreement on all material management affairs, votings and/or commercial decisions, including but not limited to financial and operational matters, of any member of the Group; (b) they had casted and would continue to cast their votes as directors and/or shareholders (as appropriate) unanimously for or against all resolutions in all board and shareholders' meetings and discussions of any member of the Group; and (c) they had cooperated and would continue to cooperate with one another to acquire, maintain and consolidate the control and management of the Group. By virtue of the SFO, each of our Ultimate Controlling Shareholders together with their respective investment holding companies (being Tianyue Holding, Linghui Holding, Yuelai Holding, Tianyue Capital, Fusheng Capital, Linghui Capital and Jin Sha Jiang) are all deemed to be interested in the total Shares directly held by Tianyue Holding, Linghui Holding, Yuelai Holding, Tianyue Capital, Fusheng Capital, Linghui Capital and Jin Sha Jiang.

(4) Tianyue Holding is wholly owned by Mr. Liu Haowei. By virtue of SFO, Mr. Liu Haowei is deemed to be interested in the Shares held by Tianyue Holding.

(5) Linghui Holding is wholly owned by Mr. Liu Ce. By virtue of SFO, Mr. Liu Ce is deemed to be interested in the Shares held by Linghui Holding.

(6) Yuelai Holding is wholly owned by Mr. Liu Yuhui. By virtue of SFO, Mr. Liu Yuhui is deemed to be interested in the Shares held by Yuelai Holding.

(7) Fusheng Capital is wholly owned by Ms. Long Yiqin. By virtue of SFO, Ms. Long Yiqin is deemed to be interested in the Shares held by Fusheng Capital.

(8) Ms. Chen Aoao, the spouse of Mr. Liu Haowei, is deemed to be interested in all the Shares that Mr. Liu Haowei is interested in by virtue of the SFO.

(9) Ms. Lan Tian, the spouse of Mr. Liu Ce, is deemed to be interested in all the Shares that Mr. Liu Ce is interested in by virtue of the SFO.

(10) Mr. Liu Yuqi, the spouse of Ms. Hou Sanli, is deemed to be interested in all the Shares that Ms. Hou Sanli is interested in by virtue of the SFO. Mr. Liu Yuqi was appointed as an executive Director with effect from 12 January 2024.

(11) Mr. Liu Shan, the spouse of Ms. Wang Tao, is deemed to be interested in all the Shares that Ms. Wang Tao is interested in by virtue of the SFO.

Save as disclosed above, as at 31 December 2023, the Company had not been notified of any persons (other than a Director or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were recorded in the register required to be kept by the Company under section 336 of the SFO, or who was, directly or indirectly, interested in 5% or more of the Shares of the Company.

PRE-EMPTIVE RIGHTS AND TAX RELIEF

There is no provision for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, being the jurisdiction in which the Company is incorporated under which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

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

BUSINESS REVIEW

A review of the business of the Group and a discussion on the Group's future business development during the Year are set out in the sections headed "Chairman's statement" and "Management Discussion and Analysis" on pages 8 to 10 and pages 11 to 21, respectively, of this report.

In addition, discussions on the Group's environmental protection policies, performance and relationships with employees, customers, suppliers and major stakeholders are set out below in this directors' report. Particulars of important events affecting the Group that have occurred since the end of the financial year ended 31 December 2023 are set out in note 36 to the consolidated financial statements on page 145 in this report. An analysis of the Group's performance during the Year using financial key performance indicators is set out in the section headed "Management Discussion and Analysis" on pages 11 to 21 of this report.

ENVIRONMENTAL PROTECTION

It is the Group's corporate and social responsibility in promoting a sustainable and environmental friendly environment, and the Group strives to minimise its environmental impact and comply with the applicable environmental laws and regulations including the PRC Environmental Protection Law (《中華人民共和國環境保護法》), the PRC Prevention and Control of Noise Pollution Law (《中華人民共和國環境噪聲污染防治法》), the PRC Environmental Impact Assessment Law (《中華人民共和國環境影響評價法》).

The Group is committed to the long term sustainability of the environment and communities in which it operates. The Group operates its business in compliance with applicable environmental protection laws and regulations and has implemented relevant environmental protection measures in compliance with the required standards under applicable PRC laws and regulations. Further details of the Group's environmental policies and performance will be disclosed in the environmental, social and governance report of the Company for the year ended 31 December 2023 to be published in due course in accordance with the Listing Rules.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 December 2023, the Group had, in all material respects, complied with all the relevant and applicable PRC laws and regulations governing the business of the Group and the Group had obtained all licenses, permits and certificates for the purpose of operating its business.

LITIGATION

During the year ended 31 December 2023, the Company was not involved in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatening against the Company.

RELATIONSHIP WITH STAKEHOLDERS

Relationship with Employees

The Group places emphasis on human capital and strives to create an environment that enables employees to develop their full potential and assists them in their personal and professional development. The Group provides a fair and safe workplace, promotes diversity among its employees, offers competitive remuneration and benefits and career development opportunities based on their achievements and performance, and makes continuous efforts to provide employees with comprehensive training and development resources to attract and retain skilled and talented employees from reputable universities of PRC.

Relationship with Suppliers

The Group is dedicated to develop good relationship with suppliers as long-term business partners to ensure stability of the Group's businesses. It reinforces business partnerships with suppliers by ongoing communication in a proactive and effective manner.

Relationship with Customers

The Group's customers are primarily property developers, property owners, property owners' associations and residents. Customer satisfaction with our services and products has a profound impact on our profitability. The Group values customer feedback on its products, its dedicated sales team is in constant communication with its customers and potential customers to identify customers' pain points alongside grasping the market trend, thus helping the Group to timely adjust our operating strategies to fit the market requirement.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's operations involve certain risks, some of which are beyond its control. These risks can be broadly categorized into: (i) risks relating to its business; (ii) risks relating to the industry; and (iii) risks relating to the PRC.

Principal risks and uncertainties the Group faces include (i) risks related to the performance of the economic conditions in the PRC; (ii) uncertainty as to secure new, or renew our existing, property management service contracts on favorable terms, or at all; (iii) uncertainty as to control our costs in rendering our property management services on a lump sum basis; (iv) risks related to the difficulties in integrating acquired operations with our existing businesses; and (v) risks related to the competition of the business and we may not be able to compete successfully against existing and new competitors.

The Group's financial risk management objectives and policies of the Group are set out in note 34 to the consolidated financial statements.

CHARITABLE DONATIONS

No donations were made by the Group during the year ended 31 December 2023.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Articles of Association, all Directors or other key officers of the Company shall be entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against all of the Company losses or liabilities which they may sustain or incur arising from or incidental to the execution of their duties.

SUBSEQUENT EVENTS

As at the date of this report, the Group did not have any other significant event subsequent to 31 December 2023.

PUBLIC FLOAT

Pursuant to Rule 8.08(1) of the Listing Rules, at the time of Listing and at all time thereafter, the Company must maintain minimum public float of 25% of the total issued share capital of the Company taking into account the partial exercise of the Over-allotment Option. Based on the information that is publicly available to the Company and within the knowledge of the Directors, the number of Shares held by the public in the Company as at the date of this report has been in compliance with the minimum percentage of public float prescribed by the Stock Exchange.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2023 have been audited by Ernst & Young, the auditor of the Company. The Company has not changed its auditor since the Listing Date and up to the date of this report. A resolution for the re-appointment of Ernst & Young as the Company's auditor will be proposed at the forthcoming AGM of the Company.

By order of the Board
Ling Yue Services Group Limited
Mr. Liu Yuqi
Chairman

Independent Auditor's Report

Ernst & Young
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Quarry Bay, Hong Kong

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To the shareholders of Ling Yue Services Group Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Ling Yue Services Group Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 65 to 145, 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 International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	**How our audit addressed the key audit matter**
Goodwill impairment assessment As at 31 December 2023, the Group had goodwill of RMB18,470,000 in relation to the Group's acquisition of businesses. Goodwill is tested for impairment annually. The goodwill impairment review performed by the Group's management includes a number of significant judgements and estimates including those regarding the identification of cash-generating units ("**CGUs**"), operating profit forecasts, the annual revenue growth rates and the discount rates. We identified this area as a key audit matter because of the materiality of the goodwill balance and the uncertainty of estimation made by management on the key assumptions. The significant accounting estimates and disclosures about the goodwill impairment assessment are included in notes 3 and 14 to the consolidated financial statements, respectively.	Our audit procedures included, among others, involving our internal valuation specialists to assist us in evaluating the methodologies and discount rates used by the Group for determining the recoverable amounts. We examined the underlying data used, such as management's projection on the future revenues and operating results by investigating whether the forecasts were consistent with the financial performance of each CGU during the year of 2023; and we examined the business development plans and historical annual growth of each CGU to evaluate the growth rate of each CGU. We assessed the sensitivity analysis performed by the Group's management on the impact of changes in the key assumptions. We also assessed the adequacy of the Group's disclosures of goodwill impairment in the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Provision for expected credit losses on trade receivables	
As at 31 December 2023, the Group had trade receivables of RMB121,032,000, after loss allowance of RMB34,554,000 was made. Management assessed the expected credit losses on trade receivables based on assumptions about risk of default and expected credit loss rates. The Group used judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, ageing profile of the receivables, existing market conditions as well as forward-looking estimates at the end of each reporting period. We identified this area as a key audit matter because of the magnitude of the balance of trade receivables and the assessment of the expected credit losses on trade receivables involving significant judgements and estimates made by management. The significant accounting estimates and disclosures about the provision for expected credit losses on trade receivables are included in notes 3 and 19 to the consolidated financial statements, respectively.	Our audit procedures to assess the provision for expected credit losses on trade receivables included the followings: (i) Obtaining an understanding of, evaluating and testing management's key controls in relation to the assessment of the expected credit losses on trade receivables; (ii) Assessing the credit loss provisioning methodology adopted by management; (iii) Assessing the forward-looking factors and the estimated credit loss rates by considering historical cash collection performance and movements of the ageing of trade receivables, and taking into account the market conditions; (iv) Testing, on a sampling basis, the ageing analysis of trade receivables prepared by management; and (v) Checking the mathematical accuracy of the calculation of the provision for loss allowance. We also assessed the adequacy of the Group's disclosures of trade receivables in the consolidated financial statements.

Other information included in the Annual Report

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

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

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

Responsibilities of the directors for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

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

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

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

- 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.

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

The engagement partner on the audit resulting in this independent auditor's report is Lawrence K.W. Lau.

Certified Public Accountants
Hong Kong
28 March 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
REVENUE	5	**609,097**	577,702
Cost of sales		**(414,381)**	(410,596)
Gross profit		**194,716**	167,106
Other income and gains	5	**10,622**	9,028
Administrative expenses		**(56,602)**	(56,418)
Impairment losses on financial assets, net		**(10,679)**	(24,260)
Other expenses		**(11,511)**	(625)
Finance costs	7	**—**	(4)
Share of profits of:			
Joint ventures	16	**1,030**	1,108
PROFIT BEFORE TAX	6	**127,576**	95,935
Income tax expense	10	**(22,955)**	(15,678)
PROFIT FOR THE YEAR		**104,621**	80,257
Attributable to:			
Owners of the parent		**101,863**	77,004
Non-controlling interests		**2,758**	3,253
		104,621	80,257
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic and diluted			
— For profit for the year		**RMB0.36**	RMB0.27

	Notes	2023 RMB'000	2022 RMB'000
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value		**(569)**	(431)
Income tax effect		**85**	65
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		**(484)**	(366)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(484)**	(366)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**104,137**	79,891
Attributable to:			
Owners of the parent		**101,379**	76,638
Non-controlling interests		**2,758**	3,253
		104,137	79,891

Consolidated Statement of Financial Position

31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**5,655**	3,287
Goodwill	14	**18,470**	22,772
Other intangible assets	15	**8,767**	14,981
Investments in joint ventures	16	**2,606**	1,125
Equity investments designated at fair value through other comprehensive income	17	**4,082**	4,651
Deferred tax assets	25	**5,698**	6,274
Total non-current assets		**45,278**	53,090
CURRENT ASSETS			
Inventories	18	**1,040**	1,394
Trade receivables	19	**121,032**	115,365
Due from related companies	31	**18,710**	144,669
Prepayments and other receivables	20	**48,632**	27,084
Cash and bank balances	21	**602,924**	360,987
Total current assets		**792,338**	649,499
CURRENT LIABILITIES			
Trade payables	22	**31,404**	48,322
Other payables and accruals	23	**120,283**	90,360
Contract liabilities	24	**132,563**	101,037
Due to related companies	31	**225**	436
Tax payable		**2,314**	7,516
Total current liabilities		**286,789**	247,671
NET CURRENT ASSETS		**505,549**	401,828
TOTAL ASSETS LESS CURRENT LIABILITIES		**550,827**	454,918

Consolidated Statement of Financial Position

31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities	25	**1,140**	2,071
Total non-current liabilities		**1,140**	2,071
Net assets		**549,687**	452,847
EQUITY			
Equity attributable to owners of the parent			
Share capital	26	**2,382**	2,382
Reserves	27	**532,244**	430,865
		534,626	433,247
Non-controlling interests		**15,061**	19,600
Total equity		**549,687**	452,847

Liu Yuqi
Director

Luo Hongping
Director

	Attributable to owners of the parent									
	Share capital *RMB'000* *Note 26*	Share premium *RMB'000* *Note 27(a)*	Merger reserve *RMB'000* *Note 27(b)*	Fair value reserve of financial assets at fair value through other comprehensive income *RMB'000* *Note 27(c)*	Capital reserve *RMB'000* *Note 27(d)*	Statutory surplus reserve *RMB'000* *Note 27(e)*	Retained profits *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2022	2,382	250,925	(3,216)	(4,860)	—	11,554	99,811	356,596	19,153	375,749
Profit for the year	—	—	—	—	—	—	77,004	77,004	3,253	80,257
Other comprehensive income for the year:										
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	—	—	—	(366)	—	—	—	(366)	—	(366)
Total comprehensive income for the year	—	—	—	(366)	—	—	77,004	76,638	3,253	79,891
Capital injection by non-controlling interests	—	—	—	—	—	—	—	—	83	83
Acquisition of non-controlling interests	—	—	—	—	13	—	—	13	(133)	(120)
Transfer from retained profits	—	—	—	—	—	9,609	(9,609)	—	—	—
Dividends declared to non-controlling interests	—	—	—	—	—	—	—	—	(2,756)	(2,756)
At 31 December 2022	2,382	250,925	(3,216)	(5,226)	13	21,163	167,206	433,247	19,600	452,847

Consolidated Statement of Changes in Equity

Year ended 31 December 2023

	Attributable to owners of the parent									
	Share capital RMB'000 Note 26	Share premium RMB'000 Note 27(a)	Merger reserve RMB'000 Note 27(b)	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000 Note 27(c)	Capital reserve RMB'000 Note 27(d)	Statutory surplus reserves RMB'000 Note 27(e)	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023	2,382	250,925	(3,216)	(5,226)	13	21,163	167,206	433,247	19,600	452,847
Profit for the year	–	–	–	–	–	–	101,863	101,863	2,758	104,621
Other comprehensive income for the year:										
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	(484)	–	–	–	(484)	–	(484)
Total comprehensive income for the year	–	–	–	(484)	–	–	101,863	101,379	2,758	104,137
Capital injection by non-controlling interests	–	–	–	–	–	–	–	–	245	245
Disposal of a subsidiary *(note 29)*	–	–	–	–	–	–	–	–	(6,126)	(6,126)
Transfer from retained profits	–	–	–	–	–	10,243	(10,243)	–	–	–
Dividends declared to non-controlling interests	–	–	–	–	–	–	–	–	(1,416)	(1,416)
At 31 December 2023	2,382	250,925	(3,216)	(5,710)	13	31,406	258,826	534,626	15,061	549,687

* These reserve accounts comprise the consolidated reserves of RMB532,244,000 (2022: RMB430,865,000) in the consolidated statement of financial position.

	Notes	2023 RMB'000	2022 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:		**127,576**	95,935
Adjustments for:			
Finance costs	7	**—**	4
Share of profits of joint ventures	16	**(1,030)**	(1,108)
Interest income	5	**(7,392)**	(4,062)
Dividend income from equity investments at fair value through other comprehensive income	5	**—**	(310)
Loss on disposal of a subsidiary	29	**8,128**	—
Gain on disposal of items of property, plant and equipment	5	**—**	(17)
Depreciation of property, plant and equipment	6,13	**1,509**	858
Depreciation of right-of-use assets	6	**—**	183
Amortisation of other intangible assets	6,15	**2,368**	2,513
Impairment of trade receivables	6,19	**16,107**	7,388
Impairment of amounts due from related companies	6, 31	**(8,274)**	13,544
Impairment of other receivables	6, 20	**2,952**	3,328
		141,944	118,256
Decrease in inventories		**354**	125
Increase in restricted cash		**(486)**	(144)
Decrease in pledged deposits		**—**	5
Increase in trade receivables		**(34,899)**	(45,704)
(Increase)/decrease in prepayments and other receivables		**(25,337)**	1,204
Decrease/(increase) in trade payables		**(16,339)**	17,652
Increase in other payables and accruals		**33,996**	238
Increase in contract liabilities		**31,526**	23,605
Decrease/(increase) in amounts due from related companies		**134,233**	(9,389)
(Decrease)/increase in amounts due to related companies		**(211)**	11
Cash generated from operations		**264,781**	105,859
Interest received		**7,392**	4,062
Interest paid		**—**	(4)
Tax paid		**(27,493)**	(16,373)
Net cash flows from operating activities		**244,680**	93,544

Consolidated Statement of Cash Flows

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from equity investments		**—**	310
Dividends received from a joint venture		**450**	256
Purchase of items of property, plant and equipment	13	**(3,877)**	(2,928)
Purchase of other intangible assets	15	**(560)**	(928)
Acquisition of a subsidiary		**—**	(2,026)
Disposal of subsidiaries	29	**1,345**	—
Acquisition of a joint venture		**(900)**	—
Decrease in other receivables		**558**	2,400
Net cash flows used in investing activities		**(2,984)**	(2,916)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital injection by non-controlling interests		**245**	83
Acquisition of non-controlling interests		**—**	(120)
Principal portion of lease payments	30(b)	**—**	(187)
Dividends paid to non-controlling interests		**(490)**	(4,951)
Net cash flows used in financing activities		**(245)**	(5,175)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**241,451**	85,453
Cash and cash equivalents at beginning of year	21	**360,742**	275,289
CASH AND CASH EQUIVALENTS AT END OF YEAR	21	**602,193**	360,742
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	21	**602,924**	360,987
Less: Restricted cash	21	**631**	145
Pledged deposits	21	**100**	100
Cash and cash equivalents as stated in the statement of cash flows		**602,193**	360,742

1. CORPORATE AND GROUP INFORMATION

Ling Yue Services Group Limited (the "**Company**") is incorporated and registered as an exempted company with limited liability in the Cayman Islands. The Company and its subsidiaries now comprising the Group underwent the reorganisation which was completed on 21 January 2021. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 12 July 2021. The registered address of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

During the year, the Company and its subsidiaries (together, the "**Group**") were mainly involved in the provision of property management services, value-added services to non-property owners and community value-added services.

The ultimate controlling shareholders of the Company are Mr. Liu Yuhui, Mr. Liu Ce, Mr. Liu Haowei, Ms. Wang Tao, Ms. Long Yiqin and Ms. Hou Sanli (the "**Controlling Shareholders**").

In the opinion of the directors, the investment holding companies of the Company are Yuelai Holding Limited, Linghui Holding Limited, Tianyue Holding Limited, Tianyue Capital Limited, Fusheng Capital Holding Limited, Linghui Capital Limited and Jin Sha Jiang Holding Limited, which are incorporated in the British Virgin Islands with limited liability, and controlled by the Controlling Shareholders.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company	Principal activities
Directly held:				
Ling Yue Investment Limited*	British Virgin Islands	USD50,000	100%	Investment holding
Duyue Investment Limited*	British Virgin Islands	USD50,000	100%	Investment holding
Indirectly held:				
Ling Yue Capital Limited**	Hong Kong	HKD10,000	100%	Investment holding
Duyue Capital Limited**	Hong Kong	HKD10,000	100%	Investment holding
領悅物業服務集團有限公司 Lingyue Property Service Group Co., Ltd.** ("**Lingyue Property Service**")	PRC/Mainland China	RMB60,963,600	100%	Property management
四川領匯企業管理有限公司 Sichuan Linghui Enterprise Management Co., Ltd.** ("**Sichuan Linghui**")	PRC/Mainland China	RMB1,000,000	100%	Property management

1. CORPORATE AND GROUP INFORMATION (Continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company	Principal activities
Indirectly held: (Continued)				
烏魯木齊領匯都能物業服務有限公司 Urumqi Linghui Duneng Property Service Co., Ltd.** ("**Urumqi Linghui Duneng**")	PRC/Mainland China	RMB500,000	100%	Property management
綿陽融匯領悅物業管理有限公司 Mianyang Ronghui Lingyue Property Management Co., Ltd.** ("**Mianyang Ronghui Lingyue**")	PRC/Mainland China	RMB500,000	100%	Property management
四川滙豐億景物業服務有限公司 Sichuan Huifeng Yijing Property Management Co., Ltd.** ("**Sichuan Huifeng Yijing**")	PRC/Mainland China	RMB1,000,000	50%	Property management
吉林省君逸物業服務有限公司 Jilin Junyi Property Service Co., Ltd.** ("**Jilin Junyi**")	PRC/Mainland China	RMB500,000	55%	Property management
眉山領匯延天物業服務有限公司 Meishan Linghui Yantian Property Service Co., Ltd.** ("**Meishan Linghui Yantian**")	PRC/Mainland China	RMB500,000	85%	Property management
資陽市車城佳美物業有限公司 Ziyang Checheng Jiamei Property Service Co., Ltd.** ("**Ziyang Jiamei**")	PRC/Mainland China	RMB5,010,000	53.69%	Property management
資陽市佳美保安服務有限公司 Ziyang Jiamei Security Service Co., Ltd.** ("**Ziyang Jiamei Security**")	PRC/Mainland China	RMB5,060,000	53.69%	Property management
資陽市好佳美電子商務有限公司 Ziyang Haojiamei E-Commerce Co., Ltd.** ("**Ziyang Haojiamei**")	PRC/Mainland China	RMB360,000	53.69%	Property management
新地(成都)物業服務有限公司 Xindi (Chengdu) Property Service Co., Ltd.** ("**Chengdu Xindi**")	PRC/Mainland China	RMB3,210,000	100%	Property management
巴州匯悦美湖物業服務有限公司 Bazhou Huiyue Meihu Property Service Co., Ltd.** ("**Bazhou Huiyue Meihu**")	PRC/Mainland China	RMB500,000	52%	Property management

1. CORPORATE AND GROUP INFORMATION (Continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company	Principal activities
Indirectly held: (Continued)				
資陽市佳美清潔服務有限公司 Ziyang Jiamei Cleaning Service Co., Ltd.** ("**Ziyang Jiamei Cleaning**")	PRC/Mainland China	RMB60,000	53.69%	Property management
資陽市佳美物業服務管理有限公司 Ziyang Jiamei Property Service Management Co., Ltd.** ("**Ziyang Jiamei Property**")	PRC/Mainland China	RMB2,060,000	53.69%	Property management
喀什合創匯悅物業服務有限公司 Kashi Hechuanghuiyue Property Service Co., Ltd.** ("**Kashi Hechuanghuiyue**")	PRC/Mainland China	RMB500,000	65%	Property management
成都誠悅佳樺物業管理有限公司 Chengdu Chengyue Jiahua Property Management Co., Ltd.** ("**Chengdu Chengyue Jiahua**")	PRC/Mainland China	RMB1,000,000	100%	Property management
四川領居智慧生活服務有限公司 Sichuan Lingju Smart Life Service Co., Ltd.** ("**Sichuan Lingju Smart Life**")	PRC/Mainland China	RMB500,000	100%	Property management
西昌融悅物業服務有限公司 Xichang Rongyue Property Service Co., Ltd.** ("**Xichang Rongyue**")	PRC/Mainland China	RMB500,000	100%	Property management
四川鑫悅匯房地產代理有限公司 Sichuan Xinyuehui Real Estate Agency Co., Ltd.** ("**Sichuan Xinyuehui**")	PRC/Mainland China	RMB500,000	100%	Property management

* These companies are wholly-owned subsidiaries of the Company.

** These companies are subsidiaries of wholly-owned subsidiaries of the Company and, accordingly, are accounted for as subsidiaries by virtue of the Company's control over them.

Note:

The English translations of the names are for reference only. The official names of these enterprises are in Chinese.

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, result in particulars of excessive length.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations) issued by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments designated at fair value through other comprehensive income which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2. ACCOUNTING POLICIES (Continued)

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

IFRS 17	*Insurance Contracts*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform — Pillar Two Model Rules*

The nature and the impact of the new and revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

2. ACCOUNTING POLICIES (Continued)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction narrow* the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately, which have been reflected in the reconciliation disclosed in note 25 to the financial statements. However, they did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under IAS 12.

(d) Amendments to IAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

2. ACCOUNTING POLICIES (Continued)

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised IFRSs, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*[1, 4]
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*[1, 4]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*[1]
Amendments to IAS 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 No mandatory effective date yet determined but available for adoption

4 As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2. ACCOUNTING POLICIES (Continued)

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Business combinations and goodwill

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

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

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

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

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

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

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

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

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

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

Fair value measurement

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

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

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

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

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Fair value measurement (Continued)

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets, investment properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Related parties

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

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

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

  (ii) has significant influence over the Group; or

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

or

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

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

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

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

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

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

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

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

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

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation

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

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

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

Machinery	20% to 33.3%
Electronic equipment	20% to 33.3%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Other intangible assets (other than goodwill)

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

Software

Purchased software is stated at cost less any impairment loss and is amortised on the straight-line basis over its estimated useful life of 3 years.

Customer relationship

Customer relationship acquired in business combinations is recognised at fair value at the acquisition date. The customer relationship has a finite useful life and is stated at cost less accumulated amortisation and any impairment losses. Amortisation is calculated using the straight-line method over the expected useful life which is 10 years, taking into account the prior experience of the renewal pattern of property management contracts.

Leases

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

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

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

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

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

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Derecognition of financial assets

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

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

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

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Derecognition of financial assets (Continued)

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

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as payables, as appropriate.

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

The Group's financial liabilities include trade and other payables and amounts due to related companies.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables)

After initial recognition, trade and other payables are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss and other comprehensive income.

Derecognition of financial liabilities

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is based on the estimated selling prices less any estimated costs to be incurred to completion and disposal.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

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

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

Income tax

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

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

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

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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

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

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

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

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

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

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

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

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Income tax (Continued)

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or 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.

Government grants

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

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. 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 IFRS 15.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(a) Property management services

For property management services, the Group bills a fixed amount for services provided on a regular basis and recognises revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of the performance completed.

The Group charges property management fees in respect of the property management services on a lump sum basis.

On a lump sum basis, the Group is entitled to retain the full amount of the received property management fees. From the property management fees, the Group shall bear expenses associated with, among others, staff, cleaning, garbage disposal, gardening and landscaping, security and general overheads covering the common areas. During the term of the contract, if the amount of the property management fees the Group collected is not sufficient to cover all the expenses incurred, the Group is not entitled to request the property owners to pay the shortfall.

Accordingly, on a lump sum basis, the Group recognises the full amount of the property management fees which the Group charged the property owners and property developers as revenue.

These services are performed by an indeterminate number of acts over a specified period of time. Accordingly, revenue is recognised on a straight-line basis over the specified period unless there is evidence that some other methods better represent the stage of completion, and the costs of services are recognised as incurred in connection with performing such services.

(b) Value-added services to non-property owners

Revenue from value-added services to non-property owners mainly includes revenue from preliminary planning and design consultancy services to property developers, revenue from cleaning, security, greening, repair and maintenance services to property developers at the pre-delivery stage, and revenue from security support services. The Group agrees the price for each service with the customers upfront and recognises as revenue in the amount to which the Group has the right to invoice and that corresponds directly with the value of performance completed. Revenue from these services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Revenue from value-added services to non-property owners also includes revenue from sales assistance services, additional tailored services customised to non-property owners, housing repair services and pre-delivery inspection services to property developers recognised at a point in time when such consultancy services have been provided.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(c) Community value-added services

Revenue from community value-added services, including temporary parking service, additional tailored services customised, housing repair services, preliminary planning and design consultancy services, is recognised at a point in time when the service has been provided.

Revenue from the provision of utilities collection service, community common area and advertising booth rental services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

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

Contract costs

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

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

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

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for those employees in Hong Kong who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries operating in Mainland China are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

The Group's contributions to the Defined Contribution Schemes vest fully and immediately with the employees. Accordingly, (i) for the year ended 31 December 2023, there was no forfeiture of contributions under the Defined Contribution Schemes; and (ii) there were no forfeited contributions available for the Group to reduce its existing level of contributions to the Defined Contribution Schemes as at 31 December 2023.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2023 was RMB18,470,000 (2022: RMB22,772,000). Further details are given in note 14 to the consolidated financial statements.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, service type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the property management sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 19 to the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are included in note 25 to the financial statements.

Fair value of unlisted equity investments

The unlisted equity investments have been valued based on a market-based valuation technique as detailed in note 33 to the financial statements. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group classifies the fair value of these investments as Level 3. The fair value of the unlisted equity investments at 31 December 2023 was RMB4,082,000 (2022: RMB4,651,000). Further details are included in note 17 to the financial statements.

4. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's business which includes property management services income and value-added services income by project locations for the purpose of making decisions about resource allocation and performance assessment. As all the locations have similar economic characteristics and are similar in the nature of property management services, the nature of the aforementioned business processes, the type or class of the customer for the aforementioned business and the methods used to distribute the property management services and value-added services, all locations were aggregated as one reportable operating segment.

Geographical information

No geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

Information about major customers

In 2023, revenue from Leading Holdings Group Limited and its subsidiaries ("**Leading Holdings Group**") contributed 11.3% (2022: 19.3%) of the Group's revenue, respectively. Other than the revenue from Leading Holdings Group, no revenue derived from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for the year.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023 RMB'000	2022 RMB'000
Revenue from contracts with customers		
Property management services	**519,833**	473,389
Value-added services to non-property owners	**43,285**	70,002
Community value-added services	**45,979**	34,311
	609,097	577,702

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2023

Segments	Property management services RMB'000	Value-added services to non-property owners RMB'000	Community value-added services RMB'000	Total RMB'000
Types of services				
Rendering of services	**519,833**	**43,285**	**45,979**	**609,097**
Total revenue from contracts with customers	**519,833**	**43,285**	**45,979**	**609,097**
Timing of revenue recognition				
Revenue recognised over time	**519,833**	**40,447**	**8,989**	**569,269**
Revenue recognised at a point in time	**—**	**2,838**	**36,990**	**39,828**
Total revenue from contracts with customers	**519,833**	**43,285**	**45,979**	**609,097**

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(a) ***Disaggregated revenue information*** (Continued)

For the year ended 31 December 2022

Segments	Property development *RMB'000*	Value-added services to non-property owners *RMB'000*	Community value-added services *RMB'000*	Total *RMB'000*
Types of services				
Rendering of services	473,389	70,002	34,311	577,702
Total revenue from contracts with customers	473,389	70,002	34,311	577,702
Timing of revenue recognition				
Revenue recognised over time	473,389	64,964	11,973	550,326
Revenue recognised at a point in time	—	5,038	22,338	27,376
Total revenue from contracts with customers	473,389	70,002	34,311	577,702

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2023 ***RMB'000***	2022 *RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Property management services	**96,435**	75,332

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Property management services

The Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date. The Group has elected the practical expedient not to disclose the remaining performance obligations for these types of contracts. The majority of the property management services contracts do not have a fixed term.

Value-added services to non-property owners

Value-added services to non-property owners mainly include preliminary planning and design consultancy services, sales office management services, cleaning, security, greening, repair and maintenance services, security support services, sales assistance services, additional tailored services, housing repair services and pre-delivery inspection services. The term of the contracts for sales assistance is generally set to expire when the counterparties notify the Group that the services are no longer required. Pre-delivery and consulting services are rendered in a short period of time and there were no unsatisfied performance obligations at the end of the respective periods.

Community value-added services

Community value-added services mainly include temporary parking service, additional tailored services customised, housing repair services, preliminary planning and design consultancy services. These services are rendered in a short period of time and there were no unsatisfied performance obligations at the end of the respective periods.

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(b) *Performance obligations* (Continued)

Community value-added services (Continued)

	2023 RMB'000	2022 RMB'000
Other income		
Government grants	**2,238**	4,525
Dividend income from equity investments at fair value through other comprehensive income	**—**	310
Bank interest income	**7,392**	4,062
Management consulting service fees received from a joint venture	**—**	73
Others	**992**	41
	10,622	9,011
Gains		
Gain on disposal of items of property, plant and equipment	**—**	17
	10,622	9,028

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Notes	2023 RMB'000	2022 RMB'000
Cost of services provided		**413,881**	410,596
Depreciation of property, plant and equipment	13	**1,509**	858
Depreciation of right-of-use assets		**—**	183
Amortisation of other intangible assets	15	**2,368**	2,513
Auditor's remuneration		**1,200**	1,200
Impairment of trade receivables, net	19	**16,107**	7,388
Impairment of amounts due from related companies, net	31	**(8,274)**	13,544
Impairment of financial assets included in prepayments and other receivables	20	**2,952**	3,328
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries and other allowances		**229,633**	216,034
Pension scheme contributions and social welfare		**38,700**	40,178
		268,333	256,212

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2023 RMB'000	2022 RMB'000
Interest on lease liabilities	**—**	4

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2023 RMB'000	2022 RMB'000
Fees	**300**	300
Other emoluments:		
Salaries, allowances and benefits in kind	**541**	549
Performance related bonuses*	**228**	231
Pension scheme contributions and social welfare	**138**	135
	907	915
	1,207	1,215

* Certain executive directors of the Company are entitled to bonus payments which are associated with the profit after tax of the Group.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2023 RMB'000	2022 RMB'000
Ms. Luo Ying	**100**	100
Ms. Zou Dan	**100**	100
Ms. Zhang Qian	**100**	100
	300	300

There were no other emoluments payable to the independent non-executive directors during the year (2022: Nil).

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive directors, non-executive directors and the chief executive

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance Related bonuses RMB'000	Pension Scheme contributions and social welfare RMB'000	Total remuneration RMB'000
2023					
Executive directors:					
Mr. Liu Yuhui*	—	—	—	—	—
Ms. Luo Hongping*	—	175	71	54	300
	—	175	71	54	300
Non-executive directors:					
Ms. Wang Tao*	—	—	—	—	—
Ms. Hou Sanli*	—	—	—	—	—
	—	—	—	—	—
Chief executive:					
Mr. Luo Ziqin*	—	366	157	84	607
	—	366	157	84	607
2022					
Executive directors:					
Mr. Liu Yuhui*	—	—	—	—	—
Ms. Luo Hongping*	—	175	71	54	300
	—	175	71	54	300
Non-executive directors:					
Ms. Wang Tao*	—	—	—	—	—
Ms. Hou Sanli*	—	—	—	—	—
	—	—	—	—	—
Chief executive:					
Mr. Luo Ziqin*	—	374	160	81	615
	—	374	160	81	615

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive directors, non-executive directors and the chief executive (Continued)

* Mr. Liu Yuhui was appointed as the chairman and re-designated as an executive director on 26 January 2021, and resigned on 12 January 2024.

Ms. Luo Hongping was appointed as an executive director of the Company on 26 January 2021.

Ms. Wang Tao and Ms. Hou Sanli were appointed as non-executive directors of the Company on 26 January 2021.

Mr. Luo Ziqin was appointed as the chief executive of the Company on 26 January 2021.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included Nil director (2022: Nil). Details of directors' and the chief executive remuneration are set out in note 8 above. Details of the remuneration for the year of the five (2022: five) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2023 *RMB'000*	2022 *RMB'000*
Salaries, allowances and benefits in kind	**2,342**	2,523
Performance related bonuses	**1,004**	1,081
Pension scheme contributions and social welfare	**421**	405
	3,767	4,009

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2023	2022
Nil to HK$500,000	**—**	—
HK$500,001 to HK$1,000,000	**4**	4
HK$1,000,001 to HK$1,500,000	**1**	—
HK$1,500,001 to HK$2,000,000	**—**	1
Total	**5**	5

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong are not liable for income tax as they did not have any assessable profit arising in Hong Kong for the year ended 31 December 2023.

All subsidiaries of the Group operating in Mainland China are taxed in accordance with the Chinese Corporate Income Tax Law. There were three types of tax rates during the reporting period, including the 25% tax rate, the 15% tax rate under the western preferential tax rate policy, and the preferential tax rate for small and low-profit enterprises. For the year ended 31 December 2023, Lingyue Property Service and its western branches were subject to the 15% income tax rate, certain subsidiaries were entitled to the preferential tax rate for small and low-profit enterprises, and the remaining subsidiaries and branches were subject to income tax at a rate of 25%.

	2023 ***RMB'000***	2022 *RMB'000*
Current — Mainland China:		
Charge for the year	**22,564**	17,718
Deferred tax *(note 25)*	**391**	(2,040)
Total tax charge for the year	**22,955**	15,678

10. INCOME TAX (Continued)

A reconciliation of income tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and its subsidiaries are domiciled to the income tax expense at the effective income tax rate is follows:

	2023 RMB'000	2022 RMB'000
Profit before tax	**127,576**	95,935
Tax at the statutory tax rate	**31,894**	23,984
Lower tax rates for specific provinces or enacted by local authority	**(11,320)**	(8,821)
Expenses not deductible for tax	**347**	139
Tax losses and deductible temporary differences not recognised	**927**	725
Income not subject to tax	**—**	(50)
Tax losses utilised from previous years	**(13)**	(22)
Tax losses expired	**1,378**	—
Profits and losses attributable to joint ventures	**(258)**	(277)
Tax charge at the Group's effective rate	**22,955**	15,678

The share of tax charge attributable to joint ventures amounted to RMB258,000 for the year. It is included in "Share of profits of joint ventures" in the consolidated statement of profit or loss and other comprehensive income.

11. DIVIDENDS

The Board proposed no final dividend for the year ended 31 December 2023 (2022: Nil).

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 285,685,000 (2022: 285,685,000) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years of 2023 and 2022 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during the years.

The calculations of basic and diluted earnings per share are based on:

	2023	2022
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation:		
From continuing operations	**101,863**	77,004

	Number of shares	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation	**285,685,000**	285,685,000

13. PROPERTY, PLANT AND EQUIPMENT

	Machinery *RMB'000*	Electronic equipment *RMB'000*	Total *RMB'000*
31 December 2023			
At 1 January 2023			
Cost	3,944	3,039	6,983
Accumulated depreciation	(1,317)	(2,379)	(3,696)
Net carrying amount	2,627	660	3,287
At 1 January 2023	2,627	660	3,287
Additions	3,667	210	3,877
Depreciation provided during the year *(note 6)*	(1,219)	(290)	(1,509)
At 31 December 2023, net of accumulated depreciation	5,075	580	5,655
At 31 December 2023			
Cost	7,611	3,249	10,860
Accumulated depreciation	(2,536)	(2,669)	(5,205)
Net carrying amount	5,075	580	5,655

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Machinery *RMB'000*	Electronic equipment *RMB'000*	Total *RMB'000*
31 December 2022			
At 1 January 2022			
Cost	1,213	2,842	4,055
Accumulated depreciation	(745)	(2,093)	(2,838)
Net carrying amount	468	749	1,217
At 1 January 2022	468	749	1,217
Additions	2,731	197	2,928
Depreciation provided during the year *(note 6)*	(572)	(286)	(858)
At 31 December 2022, net of accumulated depreciation	2,627	660	3,287
At 31 December 2022			
Cost	3,944	3,039	6,983
Accumulated depreciation	(1,317)	(2,379)	(3,696)
Net carrying amount	2,627	660	3,287

As at 31 December 2023, no property, plant and equipment (2022: Nil) of the Group were pledged to secure bank and other borrowings granted to the Group.

14. GOODWILL

	RMB'000
At 1 January 2022:	
Cost	22,772
Accumulated impairment	—
Net carrying amount	22,772
Cost at 1 January 2022, net of accumulated impairment	22,772
Impairment during the year	—
At 31 December 2022	22,772
At 31 December 2022:	
Cost	22,772
Accumulated impairment	—
Net carrying amount	22,772
Cost at 1 January 2023, net of accumulated impairment	**22,772**
Disposal of a subsidiary *(note 29)*	**(4,302)**
Impairment during the year	**—**
Cost and net carrying amount at 31 December 2023	**18,470**
At 31 December 2023:	
Cost	**18,470**
Accumulated impairment	**—**
Net carrying amount	**18,470**

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units:

Ziyang Jiamei cash-generating unit; and

Chengdu Xindi cash-generating unit

14. GOODWILL (Continued)

Impairment testing of goodwill (Continued)

Ziyang Jiamei cash-generating unit

The recoverable amount of the Ziyang Jiamei cash-generating unit has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by management. The pre-tax discount rate applied to the cash flow projections is 17.4% (2022: 18.4%) per annum. The growth rate used to extrapolate the cash flows beyond the five-year period is 2.2% (2022: 3%).

Chengdu Xindi cash-generating unit

The recoverable amount of the Chengdu Xindi cash-generating unit has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by management. The pre-tax discount rate applied to the cash flow projections is 17.7% (2022: 16.9%) per annum. The growth rate used to extrapolate the cash flows beyond the five-year period is 2.2% (2022: 3%).

The management of the Group believes that any reasonably possible change in the key assumptions of the value-in-use calculation would not cause the carrying amounts to exceed the recoverable amounts of the Ziyang Jiamei cash-generating unit and the Chengdu Xindi cash-generating unit.

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	Meishan Tianfu		**Ziyang Jiamei**		**Chengdu Xindi**		**Total**	Total
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Carrying amount of goodwill	**—**	4,302	**14,553**	14,553	**3,917**	3,917	**18,470**	22,772

14. GOODWILL (Continued)

Impairment testing of goodwill (Continued)

Assumptions were used in the value-in-use calculation of the Ziyang Jiamei cash-generating unit and the Chengdu Xindi cash-generating unit for 31 December 2023. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted revenue — The budgeted sales amounts are based on the historical data and management's expectation on the future market.

Budgeted gross margins — The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Long term growth rate — The basis used to determine the value assigned to the annual revenue growth rates is the annual revenue achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Pre-tax discount rate — The pre-tax discount rates used are before tax and reflect specific risks relating to the relevant units.

The values assigned to the key assumptions on the annual revenue growth rates of Ziyang Jiamei and Chengdu Xindi and pre-tax discount rates are consistent with external information sources.

15. OTHER INTANGIBLE ASSETS

	Software *RMB'000*	Customer relationship *RMB'000*	Total *RMB'000*
31 December 2023			
At the beginning of the year:			
Cost	**1,750**	**22,295**	**24,045**
Accumulated amortisation	**(574)**	**(8,490)**	**(9,064)**
Net carrying amount	**1,176**	**13,805**	**14,981**
Carrying amount at the beginning of the year	**1,176**	**13,805**	**14,981**
Additions	**560**	**—**	**560**
Disposal of a subsidiary *(note 29)*	**—**	**(4,406)**	**(4,406)**
Amortisation provided during the year *(note 6)*	**(571)**	**(1,797)**	**(2,368)**
Carrying amount at the end of the year	**1,165**	**7,602**	**8,767**
At the end of the year:			
Cost	**2,310**	**13,630**	**15,940**
Accumulated amortisation	**(1,145)**	**(6,028)**	**(7,173)**
Net carrying amount	**1,165**	**7,602**	**8,767**

	Software *RMB'000*	Customer relationship *RMB'000*	Total *RMB'000*
31 December 2022			
At the beginning of the year:			
Cost	822	22,295	23,117
Accumulated amortisation	(290)	(6,261)	(6,551)
Net carrying amount	532	16,034	16,566
Carrying amount at the beginning of the year	532	16,034	16,566
Additions	928	—	928
Amortisation provided during the year *(note 6)*	(284)	(2,229)	(2,513)
Carrying amount at the end of the year	1,176	13,805	14,981
At the end of the year:			
Cost	1,750	22,295	24,045
Accumulated amortisation	(574)	(8,490)	(9,064)
Net carrying amount	1,176	13,805	14,981

16. INVESTMENTS IN JOINT VENTURES

	2023 RMB'000	2022 RMB'000
Share of net assets	**2,606**	1,125

Particulars of the Group's joint ventures are as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities
石河子市城投領悅物業服務有限公司 Shihezi City Urban Investment Lingyue Property Service Co., Ltd.	RMB900,000	PRC/Mainland China	45%	45%	45%	Property management
鎮雄領匯物業管理有限公司 Zhenxiong Linghui Property Management Co., Ltd. ("**Zhenxiong Linghui**")	RMB500,000	PRC/Mainland China	45%	45%	45%	Property management

The above investments are directly held by the Company.

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2023 RMB'000	2022 RMB'000
Share of the joint ventures' profit for the year	**1,030**	1,108
Share of the joint ventures' total comprehensive income	**1,030**	1,108
Aggregate carrying amount of the Group's investments in the joint ventures	**2,606**	1,125

17. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023 RMB'000	2022 RMB'000
Equity investments designated at fair value through other comprehensive income		
Unlisted equity investments, at fair value	**4,082**	4,651

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

18. INVENTORIES

	2023 RMB'000	2022 RMB'000
Carparks purchased from a related party	**1,040**	1,394

As at 31 December 2023, no inventories (2022: Nil) of the Group were pledged to secure bank and other borrowings granted to the Group.

19. TRADE RECEIVABLES

	2023 RMB'000	2022 RMB'000
Trade receivables	**155,586**	133,812
Impairment	**(34,554)**	(18,447)
	121,032	115,365

Trade receivables mainly arise from the provision of property management services. The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management and credit limits attributed to customers are reviewed once a month. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the date of revenue recognition, net of provision for the loss allowance for impairment, is as follows:

	2023 RMB'000	2022 RMB'000
Within 1 year	**97,070**	92,902
1 to 2 years	**14,196**	14,704
2 to 3 years	**7,219**	5,152
Over 3 years	**2,547**	2,607
	121,032	115,365

19. TRADE RECEIVABLES (Continued)

The movements in provision for the loss allowance for impairment of trade receivables are as follows:

	2023 RMB'000	2022 RMB'000
At the beginning of the year	**18,447**	11,059
Impairment losses, net *(note 6)*	**16,107**	7,388
At the end of the year	**34,554**	18,447

An impairment analysis was performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates were based on the ageing of trade receivables for groupings of various customer segments with similar loss patterns. The calculation reflected the probability-weighted outcome, the time value of money and reasonable and supportable information that was available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables were written off if they aged more than three years and were not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2023

	Past due				
	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	**8.48%**	**31.59%**	**52.96%**	**81.03%**	**22.21%**
Gross carrying amount *(RMB'000)*	**106,064**	**20,752**	**15,346**	**13,424**	**155,586**
Expected credit losses *(RMB'000)*	**8,994**	**6,556**	**8,127**	**10,877**	**34,554**

As at 31 December 2022

	Past due				
	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	6.01%	20.71%	39.71%	66.91%	13.79%
Gross carrying amount *(RMB'000)*	98,843	18,546	8,546	7,877	133,812
Expected credit losses *(RMB'000)*	5,941	3,842	3,394	5,270	18,447

20. PREPAYMENTS AND OTHER RECEIVABLES

	2023 RMB'000	2022 RMB'000
Due from third parties	**5,822**	6,380
Prepayments on behalf of customers to utility suppliers	**11,641**	2,869
Other prepayments	**8,389**	4,869
Advances to employees	**3,981**	942
Deposits	**3,286**	2,671
Other tax recoverable	**574**	1,159
Other receivables	**21,688**	11,991
	55,381	30,881
Impairment allowance	**(6,749)**	(3,797)
	48,632	27,084

Other receivables are unsecured and have no fixed terms of repayment.

The movements in the loss allowance for impairment of other receivables are as follows:

	2023 RMB'000	2022 RMB'000
At the beginning of the year	**3,797**	469
Impairment losses recognised, net *(note 6)*	**2,952**	3,328
At the end of the year	**6,749**	3,797

For other receivables included in amounts due from third parties, advances to employees and deposits, the Group made periodic individual assessment on the recoverability based on historical settlement records and past experience.

The Group has assessed that the credit risk of these other receivables included in advances to employees and deposits has not increased significantly since initial recognition and the loss allowance is measured at an amount equal to 12-month ECLs, and has assessed that the expected credit losses are immaterial.

For other receivables included in prepayments on behalf of customers to utility suppliers and other receivables, the Group determined the expected credit loss rate by considering the nature and historical default rates. The Group applied a 5% (2022: 5%) expected credit loss rate to these other receivables during the year.

21. CASH AND CASH EQUIVALENTS

	2023 RMB'000	2022 RMB'000
Cash and bank balances	**602,924**	360,987
Less: Restricted cash	**631**	145
Pledged deposits	**100**	100
Cash and cash equivalents	**602,193**	360,742

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The cash and bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

As at 31 December 2023, the internal credit ratings of restricted cash and cash and cash equivalents were regarded as the grade of performing. The Group has assessed that the credit risk of the restricted cash and cash and cash equivalents has not increased significantly since initial recognition and measured the impairment based on 12-month expected credit losses, and has assessed that the expected credit losses are immaterial.

22. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2023 RMB'000	2022 RMB'000
Within 1 year	**28,922**	44,837
Over 1 year	**2,482**	3,485
	31,404	48,322

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

As at 31 December 2023, the carrying amounts of trade payables approximated to their fair values.

23. OTHER PAYABLES AND ACCRUALS

	2023 RMB'000	2022 RMB'000
Pending output value added tax	**7,954**	6,062
Payroll and welfare payables	**28,833**	24,665
Deposits received	**32,251**	25,781
Receipts on behalf of customers for utilities	**28,975**	16,955
Business tax and surcharges	**4,629**	2,843
Due to non-controlling shareholders of subsidiaries	**9,562**	10,297
Dividends payable to non-controlling shareholders of subsidiaries	**926**	—
Listing expenses	**2,365**	2,365
Others	**4,788**	1,392
	120,283	90,360

Other payables are unsecured and repayable on demand. The fair values of other payables at each reporting date approximated to their corresponding carrying amounts.

24. CONTRACT LIABILITIES

	2023 RMB'000	2022 RMB'000
Short-term advances received from customers		
Property management services	**132,563**	101,037
Total contract liabilities	**132,563**	101,037

The Group receives payments from customers based on billing schedules as established in the property management contracts. A portion of payments is usually received in advance of the performance under the contracts which are mainly from property management services. According to the business model of the Group, for the recognition of revenue from the provision of property management services, all such revenue was carried forward from contract liabilities.

25. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

	Lease liabilities *RMB'000*	Tax loss *RMB'000*	Fair value adjustment of equity investments at FVOCI *RMB'000*	Impairment of financial assets *RMB'000*	Total *RMB'000*
At 1 January 2022	13	1,771	856	1,873	4,513
Deferred tax credited to other comprehensive income	—	—	65	—	65
Deferred tax (charged)/credited to profit or loss during the year *(note 10)*	(13)	331	—	1,378	1,696
At 31 December 2022 and 1 January 2023	**—**	**2,102**	**921**	**3,251**	**6,274**
Deferred tax credited to other comprehensive income	**—**	**—**	**86**	**—**	**86**
Deferred tax (charged)/credited to profit or loss during the year *(note 10)*	**—**	**(1,908)**	**—**	**1,247**	**(661)**
Disposal of a subsidiary *(note 29)*	**—**	**—**	**—**	**(1)**	**(1)**
At 31 December 2023	**—**	**194**	**1,007**	**4,497**	**5,698**

Deferred tax liabilities

	Amortisation of intangible assets *RMB'000*	Right-of-use assets *RMB'000*	Total *RMB'000*
At 1 January 2022	2,405	10	2,415
Deferred tax credited to profit or loss during the year *(note 10)*	(334)	(10)	(344)
At 31 December 2022 and 1 January 2023	**2,071**	**—**	**2,071**
Deferred tax credited to profit or loss during the year *(note 10)*	**(270)**	**—**	**(270)**
Disposal of a subsidiary *(note 29)*	**(661)**	**—**	**(661)**
At 31 December 2023	**1,140**	**—**	**1,140**

25. DEFERRED TAX (Continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances for financial reporting purposes:

	2023 RMB'000	2022 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**5,698**	6,274
Net deferred tax liabilities recognised in the consolidated statement of financial position	**1,140**	2,071

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Deferred tax assets have not been recognised in respect of the following item:

	2023 RMB'000	2022 RMB'000
Tax losses	**5,660**	4,170

The above tax losses are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of the above item as it is not considered probable that taxable profits will be available against which the above item can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

As at 31 December 2023, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors of the Company, the Group's fund will be retained in Mainland China for the expansion of the Group's operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

26. SHARE CAPITAL

Shares

	2023 *RMB'000*	2022 *RMB'000*
Issued and fully paid: 285,685,000 (2022: 285,685,000) ordinary shares of HK$0.01 each	**2,382**	2,382

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	**Share capital** *RMB'000*
At 1 January 2022	285,685,000	2,382
Changes in share capital for the year	—	—
At 31 December 2022 and 1 January 2023	285,685,000	2,382
Changes in share capital for the year	—	—
At 31 December 2023	285,685,000	2,382

None of the Group's shares was allotted or issued during the year (2022: Nil).

27. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 69 to 70 of the financial statements.

(a) Share premium

The share premium represents the difference between the par value of the shares issued and the consideration received.

(b) Merger reserve

The merger reserve of the Group represents the issued capital of the holding company of the companies now comprising the Group and the capital contributions from the equity holders of certain subsidiaries now comprising the Group before the completion of the reorganisation.

(c) Fair value reserve of financial assets at fair value through other comprehensive income

The fair value reserve of financial assets at fair value through other comprehensive income represents unrealised fair value gains or losses for equity investment designated at FVOCI.

(d) Capital reserve

The capital reserve mainly represents the difference between the cost of acquisition and the non-controlling interests acquired in the case of acquisition of additional non-controlling interests of subsidiaries. Details of the movements in the capital reserve are set out in the consolidated statement of changes in equity.

(e) Statutory surplus reserve

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profits after tax, as determined under the Chinese Accounting Standards, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the Company, the statutory surplus reserve may be used either to offset losses, or to be converted to increase share capital, provided that the balance after such conversion is not less than 25% of the registered capital of the Group. The reserve cannot be used for purposes other than those for which they are created and are not distributable as cash dividends.

28. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2023	2022
Percentage of equity interest held by non-controlling interests:		
Meishan Tianfu*	**49%**	49%
Ziyang Jiamei	**46%**	46%
Profit for the year allocated to non-controlling interests		
Meishan Tianfu	**322**	250
Ziyang Jiamei	**(714)**	1,672
Dividends paid/payable to non-controlling interests of		
Meishan Tianfu	**490**	—
Ziyang Jiamei	**926**	—
Accumulated balances of non-controlling interests		
Meishan Tianfu	**—**	6,294
Ziyang Jiamei	**8,404**	10,044

* The Company disposed of Meishan Tianfu in July 2023. Further information has been disclosed in note 29.

28. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

2023	**Ziyang Jiamei** *RMB'000*	**Meishan Tianfu** *RMB'000*
Revenue	**93,395**	**5,087**
Total expenses	**(94,937)**	**(4,429)**
Profit for the year	**(1,542)**	**658**
Total comprehensive income for the year	**(1,542)**	**658**
Current assets	**55,056**	**—**
Non-current assets	**7,454**	**—**
Current liabilities	**(43,319)**	**—**
Non-current liabilities	**(1,044)**	**—**
Net cash flows used in operating activities	**(5,440)**	**(1,046)**
Net decrease in cash and cash equivalents	**(5,440)**	**(1,046)**

2022	Ziyang Jiamei *RMB'000*	Meishan Tianfu *RMB'000*
Revenue	106,531	9,588
Total expenses	(102,921)	(9,077)
Profit for the year	3,610	511
Total comprehensive income for the year	3,610	511
Current assets	37,740	11,638
Non-current assets	9,893	4,839
Current liabilities	(24,709)	(2,907)
Non-current liabilities	(1,233)	(726)
Net cash flows (used in)/from operating activities	(3,167)	151
Net (decrease)/increase in cash and cash equivalents	(3,167)	151

29. DISPOSAL OF A SUBSIDIARY

On 25 July 2023, the Group disposed of its entire equity interest in Meishan Tianfu Property Management Co., Ltd. ("**Meishan Tianfu**"). to a non-controlling shareholder for a cash consideration of RMB2,550,000. Net assets disposed of and a reconciliation of loss on disposal and cash inflow on disposal are as follows:

	2023 RMB'000
Net assets disposed of:	
Cash and bank balances	1,205
Trade receivables	13,125
Prepayments and other receivables	280
Other intangible assets	4,406
Deferred tax assets	1
Trade payables	(579)
Other payables and accruals	(4,999)
Tax payable	(276)
Deferred tax liabilities	(661)
Non-controlling interests	(6,126)
Subtotal	6,376
Goodwill	4,302
	10,678
Loss on disposal of a subsidiary	(8,128)
Total consideration	2,550
Satisfied by:	
Cash	2,550

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	2023 RMB'000
Cash consideration	2,550
Cash and bank balances disposed of	(1,205)
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	1,345

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

	Lease liabilities
	RMB'000
At 1 January 2022	754
Cash flows from financing activities	(187)
Interest expense	4
Interest paid classified as operating cash flows	(4)
Termination of a lease contract	(567)
At 31 December 2022	—
Cash flows from financing activities	—
At 31 December 2023	—

(b) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within operating activities	—	1,000
Within financing activities	—	187
	—	1,187

31. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

	2023 RMB'000	2022 RMB'000
Property management services and value added services rendered to related companies *(i, ii)*		
Companies controlled by the controlling shareholders	**68,880**	111,572
Joint ventures of Leading Holdings Group	**5,976**	5,127
Associates of Leading Holdings Group	**102**	4,399
	74,958	121,098
Rental fees to related companies *(i)*		
Companies controlled by the controlling shareholders	**—**	187
Management consulting service income *(i)*		
A joint venture	**—**	73

Notes:

(i) These transactions were carried out in accordance with the terms and conditions mutually agreed by the companies involved.

(ii) These related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

31. RELATED PARTY TRANSACTIONS (Continued)

(b) Outstanding balances with related parties:

	2023 RMB'000	2022 RMB'000
Due from related companies:		
Trade related		
Companies controlled by the controlling shareholders	**21,675**	150,986
Joint ventures of Leading Holdings Group	**1,204**	2,192
Associates of Leading Holdings Group	**1,067**	5,033
A Joint venture	**34**	2
	23,980	158,213
Impairment	**(5,270)**	(13,544)
	18,710	144,669
Due to related companies:		
Trade-related		
Companies controlled by the controlling shareholders	**225**	436
	225	436

An ageing analysis of the gross amount due from related companies as at the end of the reporting period, based on the invoice date, is as follows:

	2023 RMB'000	2022 RMB'000
Within 1 year	**17,057**	105,420
1 to 2 years	**6,923**	52,793
	23,980	158,213

The movements in the loss allowance for impairment of due from related companies are as follows:

	2023 RMB'000	2022 RMB'000
At beginning of year	**(13,544)**	—
Impairment losses reversed/(recognised), net *(note 6)*	**8,274**	(13,544)
	(5,270)	(13,544)

31. RELATED PARTY TRANSACTIONS (Continued)

(b) Outstanding balances with related parties: (Continued)

The credit periods granted to related parties are mainly 12 months. The Group has assessed the credit risk of these amounts due from related companies based on lifetime ECLs by considering the default rates and adjusting forward-looking macroeconomic data, as well as the actual subsequent settlement.

(c) Compensation of key management personnel of the Group:

	2023 *RMB'000*	2022 *RMB'000*
Short-term employee benefits	**523**	671
Pension scheme contributions and social welfare	**84**	111
Total compensation paid to key management personnel	**607**	782

Further details of directors' emoluments are included in note 8 to the financial statements.

32. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2023

Financial assets

	Financial assets at amortised cost *RMB'000*	**Financial assets fair value through other comprehensive income** *RMB'000*
Financial assets included in prepayments and other receivables	**35,688**	**—**
Equity investments at fair value through other comprehensive income *(note 17)*	**—**	**4,082**
Trade receivables *(note 19)*	**121,032**	**—**
Due from related companies *(note 31)*	**18,710**	**—**
Cash and bank balances *(note 21)*	**602,924**	**—**
	778,354	**4,082**

32. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

2023 (Continued)

Financial liabilities

	Financial liabilities at amortised cost *RMB'000*
Financial liabilities included in other payables	**78,867**
Due to related companies *(note 31)*	**225**
Trade payables *(note 22)*	**31,404**
	110,496

2022

Financial assets

	Financial assets at amortised cost *RMB'000*	Financial assets fair value through other comprehensive income *RMB'000*
Financial assets included in prepayments and other receivables	21,056	—
Equity investments at fair value through other comprehensive income *(note 17)*	—	4,651
Trade receivables *(note 19)*	115,365	—
Due from related companies *(note 31)*	144,669	—
Cash and bank balances *(note 21)*	360,987	—
	642,077	4,651

Financial liabilities

	Financial liabilities at amortised cost *RMB'000*
Financial liabilities included in other payables	56,790
Due to related companies *(note 31)*	436
Trade payables *(note 22)*	48,322
	105,548

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair value of the unlisted equity investment has been estimated by using the market approach, using the ratio of price to book value ("**PB ratio**") of certain comparable companies in the same industry, in arriving at an indicated value of the unlisted equity interest. The valuation takes account of a discount for lack of marketability on this investment. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of each reporting period. The valuation process and results are discussed with the board of directors twice a year for annual financial reporting.

Set out below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2023 and 2022:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Valuation multiples	Discount for lack of marketability ("**DLOM**")	25% to 30% (2022: 25% to 30%)	5% (2022: 5%) increase/ decrease in DLOM would result in decrease/ increase in fair value by RMB281,000 (2022: RMB321,000)

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *RMB'000*	Significant observable inputs (Level 2) *RMB'000*	Significant unobservable inputs (Level 3) *RMB'000*	Total *RMB'000*
Equity investments designated at fair value through other comprehensive income	—	—	4,082	4,082
	—	—	4,082	4,082

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *RMB'000*	Significant observable inputs (Level 2) *RMB'000*	Significant unobservable inputs (Level 3) *RMB'000*	Total *RMB'000*
Equity investments designated at fair value through other comprehensive income	—	—	4,651	4,651
	—	—	4,651	4,651

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Assets measured at fair value: (Continued)

The movements in fair value measurements within Level 3 during the year are as follows:

	2023	2022
	RMB'000	*RMB'000*
Equity investments at fair value through other comprehensive income		
At 1 January	**4,651**	5,082
Total losses recognised in other comprehensive income	**(569)**	(431)
At 31 December	**4,082**	4,651

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and bank balances, trade receivables and other receivables, trade payables and other payables, which arise directly from its operations, amounts with related companies and other receivables. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. None of the Group's sales (2022: Nil) were denominated in currencies other than the functional currencies of the operating units making the sale, whilst none (2022: Nil) of costs were denominated in the units' functional currencies.

The Group has currency exposures from its cash and bank balances.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk (Continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the HKD, USD and AUD exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair values of monetary assets and liabilities).

	Increase/ (decrease) in HKD rate %	Increase/ (decrease) in profit before tax *RMB'000*
2023		
If the RMB weakens against the HKD	**-5%**	**3**
If the RMB strengthens against the HKD	**+5%**	**(3)**
If the RMB weakens against the USD	**-5%**	**258**
If the RMB strengthens against the USD	**+5%**	**(258)**
If the RMB weakens against the AUD	**-5%**	**1**
If the RMB strengthens against the AUD	**+5%**	**(1)**
2022		
If the RMB weakens against the HKD	-5%	30
If the RMB strengthens against the HKD	+5%	(30)
If the RMB weakens against the USD	-5%	579
If the RMB strengthens against the USD	+5%	(579)
If the RMB weakens against the AUD	-5%	1
If the RMB strengthens against the AUD	+5%	(1)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification. The amounts presented are gross carrying amounts for financial assets.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

Maximum exposure and year-end staging (Continued)

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	—	—	—	155,586	155,586
Due from related companies	—	—	—	23,980	23,980
Financial assets included in prepayments and other receivables					
— Normal**	36,615	—	—	—	36,615
— Doubtful**	—	5,822	—	—	5,822
Cash and bank balances					
— Not yet past due	602,924	—	—	—	602,924
	639,539	5,822	—	179,566	824,927

As at 31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	—	—	—	133,812	133,812
Due from related companies	—	—	—	158,213	158,213
Financial assets included in prepayments and other receivables					
— Normal**	18,473	—	—	—	18,473
— Doubtful**	—	6,380	—	—	6,380
Cash and bank balances					
— Not yet past due	360,987	—	—	—	360,987
	379,460	6,380	—	292,025	677,865

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 19. There is no significant concentration of credit risk.

** The credit quality of the financial assets included in prepayments and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

Maximum exposure and year-end staging (Continued)

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 19 to the financial statements.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of trade payables, amounts due to related companies and other payables. Cash flows are being closely monitored on an ongoing basis.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

31 December 2023

	Less than 3 months or on demand *RMB'000*	More than 3 months and within 1 year *RMB'000*	Over 1 years *RMB'000*	Total *RMB'000*
Trade payables *(note 22)*	**31,404**	**—**	**—**	**31,404**
Financial liabilities included in other payables and accruals	**78,867**	**—**	**—**	**78,867**
Due to related companies *(note 31)*	**225**	**—**	**—**	**225**
	110,496	**—**	**—**	**110,496**

31 December 2022

	Less than 3 months or on demand *RMB'000*	More than 3 months and within 1 year *RMB'000*	Over 1 years *RMB'000*	Total *RMB'000*
Trade payables *(note 22)*	48,322	—	—	48,322
Financial liabilities included in other payables and accruals	56,790	—	—	56,790
Due to related companies *(note 31)*	436	—	—	436
	105,548	—	—	105,548

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 31 December 2022.

The Group monitors capital using a gearing ratio, which is the sum of interest-bearing borrowings divided by total equity. The Group did not have interest-bearing borrowings as at 31 December 2023 and 2022. Capital represents total equity.

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2023	2022
	RMB'000	*RMB'000*
NON-CURRENT ASSETS		
Investment in a subsidiary	**637**	637
Total non-current assets	**637**	637
CURRENT ASSETS		
Due from subsidiaries	**243,307**	236,857
Prepayments and other receivables	**7**	—
Cash and bank balances	**5,208**	12,179
Total current assets	**248,522**	249,036
CURRENT LIABILITIES		
Total current liabilities	**—**	—
NET CURRENT ASSETS	**248,522**	249,036
TOTAL ASSETS LESS CURRENT LIABILITIES	**249,159**	249,673
NON-CURRENT LIABILITIES		
Total non-current liabilities	**—**	—
Net assets	**249,159**	249,673
EQUITY		
Share capital	**2,382**	2,382
Reserves	**246,777**	247,291
Total equity	**249,159**	249,673

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note: A summary of the Company's reserves is as follows:

	Share capital *RMB'000*	Share premium *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
Balance at 1 January 2022	2,382	250,925	(2,388)	250,919
Total comprehensive loss for the year	—	—	(1,246)	(1,246)
At 31 December 2022 and 1 January 2023	**2,382**	**250,925**	**(3,634)**	**249,673**
Total comprehensive loss for the year	**—**	**—**	**(514)**	**(514)**
At 31 December 2023	**2,382**	**250,925**	**(4,148)**	**249,159**

36. EVENTS AFTER THE REPORTING PERIOD

There is no significant subsequent event undertaken by the Company after 31 December 2023.

37. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 March 2024.

Five Years Financial Summary

Year ended 31 December 2023

	For the year ended 31 December				
	2023	2022	2021	2020	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Results					
Revenue	**609,097**	577,702	541,174	428,162	279,958
Profit before tax	**127,576**	95,935	87,619	84,202	41,550
Income tax expense	**(22,955)**	(15,678)	(12,450)	(13,941)	(6,190)
Profit for the year	**104,621**	80,257	75,169	70,261	35,360

	As at 31 December				
	2023	2022	2021	2020	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Assets and liabilities					
Total assets	**837,616**	702,589	587,949	291,205	258,794
Total liabilities	**(287,929)**	(249,742)	(212,200)	(178,737)	(143,112)
Net assets	**549,687**	452,847	375,749	112,468	115,682

Note:

The summary above does not form part of the audited consolidated financial statements.