佳源服務控股有限公司

JIAYUAN SERVICES HOLDINGS LIMITED

(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)

STOCK CODE : 1153

2023

ANNUAL REPORT

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Zhu Hongge (朱宏戈先生)
(resigned on 26 July 2024)
Mr. Pang Bo (龐博先生)
Mr. Bao Guojun (鮑國軍先生)

Non-Executive Directors

Mr. Huang Fuqing (黃福清先生)
(resigned on 12 August 2024)

Independent Non-Executive Directors

Ms. Liang Yunxu (梁蘊旭女士)
Mr. Wang Huimin (王惠敏先生)
Mr. Wong Kwok Yin (王國賢先生)

AUDIT COMMITTEE

Mr. Wong Kwok Yin (王國賢先生) *(Chairman)*
Ms. Liang Yunxu (梁蘊旭女士)
Mr. Wang Huimin (王惠敏先生)

REMUNERATION COMMITTEE

Ms. Liang Yunxu (梁蘊旭女士) *(Chairman)*
Mr. Pang Bo (龐博先生)
Mr. Wang Huimin (王惠敏先生)

NOMINATION COMMITTEE

Mr. Zhu Hongge (朱宏戈先生) *(Chairman)*
(resigned on 26 July 2024)
Mr. Pang Bo (龐博先生) *(Chairman)*
(appointed on 26 July 2024)
Ms. Liang Yunxu (梁蘊旭女士)
Mr. Wong Kwok Yin (王國賢先生)

AUTHORISED REPRESENTATIVES

Mr. Zhu Hongge (朱宏戈先生)
(resigned on 26 July 2024)
Mr. Pang Bo (龐博先生) *(appointed on 26 July 2024)*
Ms. Leung Kwan Wai (梁君慧女士)

AUDITOR

Elite Partners CPA Limited
(resigned on 9 September 2024)
RSM Hong Kong *(appointed on 10 September 2024)*

LEGAL ADVISERS

As to Hong Kong law:
Michael Li & Co.
ReedSmith Richards Butler LLP

As to PRC law:
Zhejiang Yijingyuan Law Firm* (浙江宜景源律師事務所)

As to Cayman Islands law:
Conyers Dill & Pearman

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN PRC

Floor 3, Rome Metropolis No. 899, Wanghu Road
Nanhu District, Jiaxing, Zhejiang Province, PRC

HEADQUARTERS

Unit 205, 2/F, One Vista Summit, 3 San Hop Lane,
Tuen Mun, Hong Kong

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

BRANCH SHARE REGISTRAR IN HONG KONG

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

PRINCIPAL BANKS

Industrial and Commercial Bank of China
China Construction Bank
Bank of China

JOINT COMPANY SECRETARIES

Mr. Pang Bo (龐博先生)
Ms. Leung Kwan Wai (梁君慧女士)

STOCK CODE

1153

COMPANY'S WEBSITE

http://jy-fw.cn/

* *For identification purpose only*

STATEMENT OF THE BOARD OF DIRECTORS

To the shareholders of the Company (the "Shareholders"):

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Jiayuan Services Holdings Limited (the "**Company**" or "**Jiayuan Services**", together with its subsidiaries, the "**Group**"), we are pleased to present the report on the annual results of the Group for the year ended 31 December 2023.

In 2023, China's property management industry moved forward steadily on the road of reshaping and optimisation. The focus of the market has shifted from the pursuit of scale expansion to the optimisation of stocks. Enterprises have returned to the origin of service and devoted themselves to the deep exploration and improvement of service value, paying more attention to refined management and cost structure optimisation, improving service efficiency and professionalism, and actively embracing market changes with a focus on quality services, seeking more long-term and stable development.

Despite facing many challenges during this profound industry transformation, Jiayuan Services is still actively exploring in the complex and volatile market environment, and has demonstrated its tenacity for development through a series of strategic adjustments and internal optimisation measures.

The Company actively constructs a whole-process cost management system and made great achievements particularly in cost planning and control. Through the well-designed "diagnosis table", the expense items were analysed in depth from multiple dimensions, accurately presenting various key cost indicators such as per capita output value, per capita service area, and per square meter per capita spending. This refined management model not only achieved effective cost control, but also ensured the stability of profits, achieving a partial improvement in operating performance, ensuring that the company maintained its cost advantage in the fierce market competition and achieving optimal allocation of resources. Through continuous business process reformation and improved resource utilisation efficiency, the Company has effectively reduced operating costs and improved overall operating efficiency, laying a solid foundation for the sustainability of the Company.

STATEMENT OF THE BOARD OF DIRECTORS

In the process of reformation and innovation of the management system, we have gradually improved and formed a management system "System Standards" with our own characteristic, product system "3546565", perception system "3339393", the moving line system "528", the worry-free system "6+1", and the sincerity system "12345-0". The establishment and implementation of these systems will help us operate more efficiently, improve the work efficiency of our employees, enhance the core competitiveness of the enterprise, and ensure the stability and reliability of product quality, thereby achieving a steady improvement in corporate value. At the same time, with the expansion of the Company's diversified business and continuous optimisation of its governance structure, the Company clearly defines the responsibility boundaries of each governing body and formed a scientific and effective decision-making mechanism.

People are the foundation of the world. We take the heart of the people as the basis, focusing on improving their quality of life, and ensuring peace and security, and we are committed to caring for the welfare of the property owners. Our operating principle is to become a comprehensive service provider that meets the desires, aspirations and expectations of the people. Through intensive management to reduce costs, use scientific methods and methods to increase efficiency, maximize the interests of shareholders, and build the park into a scene for owners to pursue a better life, helping to realize the harmonious development of society and the people's yearning for a better life. This is also the essence and vision of Jiayuan services.

By order of the Board
Jiayuan Services Holdings Limited
Pang Bo
Executive Director

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2023, the entire property industry will continue to move forward amid the ups and downs, and high-quality development will become the main theme of the industry. With the continued downturn in the capital market, the willingness of property companies to go public has weakened significantly, with only a few new a few new applications submitted throughout the year. However, some of the listed property companies have initiated share repurchases, showing their confidence in the industry and their own development. In the M&A market, the previous enthusiasm has completely dissipated, and transaction activity has further declined compared to last year. Property companies are no longer solely focused on increasing their scale, but are actively exiting low-quality projects, optimizing project structures, and actively participating in market competition for high-quality projects, with the aim of effectively improving the quality of the overall management scale.

BUSINESS REVIEW

As at 31 December 2023, the Group had 289 property management projects with contracted GFA of approximately 57.8 million sq.m., representing a decrease of approximately 10.2% and 4.8%, respectively, as compared with that of 322 property management projects with contracted GFA of approximately 60.7 million sq.m. in the corresponding period in 2022. As at 31 December 2023, the Group had GFA under management of approximately 42.8 million sq.m., representing an increase of approximately 1.9% as compared with that of approximately 42.0 million sq.m. in the corresponding period in 2022. The increase in contracted GFA was attributable to the gradual delivery of previously contracted projects and market expansion activities.

The revenue of the Group for the year ended 31 December 2023 was approximately RMB868.2 million, representing a decrease of approximately 8.1% as compared to the corresponding period of approximately RMB944.8 million in 2022. The gross profit of the Group for the year ended 31 December 2023 was approximately RMB242.1 million, representing a decrease of approximately 13.5% as compared to the corresponding period of approximately RMB279.9 million in 2022. The gross profit margin of the Group for the year ended 31 December 2023 was approximately 27.9% compared with that of approximately 29.6% in the corresponding period in 2022. The Group's loss and total comprehensive expenses for the year decreased from approximately RMB660.6 million for the year ended 31 December 2022 to a loss of approximately RMB77.4 million for the year ended 31 December 2023.

In terms of the property management service business, revenue from property management services decreased by approximately 3.5% from approximately RMB790.0 million for the year ended 31 December 2022 to approximately RMB762.2 million for the year ended 31 December 2023, primarily attributable to the decrease in average property service fee.

In terms of value-added services to property developers, revenue from value-added services to property developers decreased by approximately 66.1% from approximately RMB90.1 million for the year ended 31 December 2022 to approximately RMB30.6 million for the year ended 31 December 2023, primarily attributable to the decrease in the number of venue services items and new projects delivered.

In terms of community value-added services, Revenue from community value-added services increased by approximately 16.6% from approximately RMB64.7 million for the year ended 31 December 2022 to approximately RMB75.5 million for the year ended 31 December 2023, primarily due to the increase in value-added service items and the increase in the unit price per resident to whom the Group provided community value-added services.

FINANCIAL REVIEW

Revenue

The revenue of the Group derives from three types of services: (i) property management services; (ii) value-added services to property developers; and (iii) community value-added services. The revenue of the Group decreased by approximately 8.1% from approximately RMB944.8 million for the year ended 31 December 2022 to approximately RMB868.2 million in for the year ended 31 December 2023.

The following table sets forth the details of the Group's revenue by types of services for the years indicated:

	Year ended 31 December					
	2023		2022		Changes	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Property management services	**762,203**	**87.8**	790,039	83.6	(27,836)	(3.5)
Value-added services to property developers	**30,562**	**3.5**	90,066	9.5	(59,504)	(66.1)
Community value-added services	**75,446**	**8.7**	64,688	6.9	10,758	16.6
	868,211	**100**	944,793	100.0	(76,582)	(8.1)

Property management services

Revenue from property management services decreased by approximately 3.5% from approximately RMB790.0 million for the year ended 31 December 2022 to approximately RMB762.2 million for the year ended 31 December 2023, primarily attributable to the decrease in average property service fee.

Value-added services to property developers

Revenue from value-added services to property developers decreased by approximately 66.1% from approximately RMB90.1 million for the year ended 31 December 2022 to approximately RMB30.6 million for the year ended 31 December 2023, primarily attributable to the decrease in the number of venue services items and new projects delivered.

Community value-added services

Revenue from community value-added services increased by approximately 16.6% from approximately RMB64.7 million for the year ended 31 December 2022 to approximately RMB75.5 million for the year ended 31 December 2023, primarily due to the increase in value-added service items and the increase in the unit price per resident to whom the Group provided community value-added services.

Cost of services and sales

The cost of services and sales consists of (i) employee benefit expenses; (ii) maintenance expenses; (iii) expenses for utility; (iv) cleaning and security expenses; (v) greening and gardening expenses; (vi) taxes and surcharges; (vii) office and communication expenses; and (viii) other expenses such as depreciation and amortisation.

Cost of services and sales decreased by approximately 5.8% from approximately RMB664.9 million for the year ended 31 December 2022 to approximately RMB626.1 million for the year ended 31 December 2023, primarily due to the decrease in salary base as a result of the decrease in staff salary.

Gross profit and gross profit margin

The gross profit of the Group decreased by approximately 13.5% from approximately RMB279.9 million for the year ended 31 December 2022 to approximately RMB242.1 million for the year ended 31 December 2023, which was mainly due to the reduction of income from value-added services to non-property owners.

The gross profit margin decreased from approximately 29.6% for the year ended 31 December 2022 to approximately 27.9% for the year ended 31 December 2023. Such a decrease was primarily attributable to the reduction of income from property management services.

The following table sets forth the details of the Group's gross profit and gross profit margin by types of services for the years indicated:

	For the year ended 31 December			
	2023		2022	
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin
	RMB'000	**%**	*RMB'000*	*%*
Property management services	**201,498**	**26.4**	225,911	28.6
Value-added services to property developers	**9,586**	**31.4**	28,235	31.4
Community value-added services	**30,991**	**41.1**	25,794	39.9
Total	**242,075**	**27.9**	279,940	29.6

Property management services

The gross profit margin of property management services decreased from approximately 28.6% for the year ended 31 December 2022 to approximately 26.4% for the year ended 31 December 2023, which was mainly due to the increase in staff salary.

Value-added services to property developers

The gross profit margin of value-added services to property developers for the year ended 31 December 2023 remained unchanged at 31.4% as last year.

Community value-added services

The gross profit margin of community value-added services increased from approximately 39.9% for the year ended 31 December 2022 to approximately 41.1% for the year ended 31 December 2023, primarily due to the increase in unit price per resident to whom the Group provided community value-added services.

Other income and expenses, net

Other net income decreased from approximately RMB13.4 million for the year ended 31 December 2022 to approximately RMB4.7 million for the year ended 31 December 2023 mainly due to the decrease of government subsidies in 2023 relative to 2022.

Selling and marketing expenses

Selling and marketing expenses decreased from approximately RMB11.3 million for the year ended 31 December 2022 to approximately RMB7.6 million for the year ended 31 December 2023, representing a decrease of approximately 32.7%, mainly as a result of decreased advertising expenses.

Administrative expenses

Administrative expenses decreased from approximately RMB81.9 million for the year ended 31 December 2022 to approximately RMB64.8 million for the year ended 31 December 2023, representing a decrease of approximately 20.9%. The decrease in administrative expenses was mainly attributable to the adjustment in the organisation structure and the decrease in the headcount of management staff.

Finance costs

Finance costs represented interest expenses on bank borrowings and interest expenses on lease liabilities due to the adoption of HKFRS 16 Leases.

Income tax expenses

Income tax expenses was approximately RMB20.4 million for the year ended 31 December 2023, representing an increase from approximately RMB14.0 million for the year ended 31 December 2022, which was in line with the decrease in loss before tax for the year.

Loss and total comprehensive expenses for the year

As a result of the foregoing, the loss and total comprehensive expenses for the year decreased from approximately RMB660.6 million for the year ended 31 December 2022 to a loss of approximately RMB77.4 million for the year ended 31 December 2023.

The loss and total comprehensive expenses attributable to owners of the Company for the year decreased from approximately RMB664.3 million for the year ended 31 December 2022 to approximately RMB80.9 million for the year ended 31 December 2023.

Property and equipment

The property and equipment of the Group decreased from approximately RMB26.6 million as at 31 December 2022 to approximately RMB25.8 million as at 31 December 2023, representing a decrease of approximately 3%, mainly due to the yearly depreciation of office equipment and operation equipment.

Intangible assets

The intangible assets of the Group comprise property management contracts and goodwill resulting from equity acquisition and the purchase of software.

The intangible assets of the Group decreased from approximately RMB130.4 million as at 31 December 2022 to approximately RMB120.8 million as at 31 December 2023, representing a decrease of approximately 7.6%, mainly due to the yearly amortisation.

Trade and other receivables

Trade receivables mainly arise from provision of property management services, value-added services to property developers and community value-added services. Trade receivables of the Group, net of allowance for impairment, decreased from approximately RMB313.9 million as at 31 December 2022 to approximately RMB313.8 million as at 31 December 2023, representing a decrease of approximately 0.03%. Such a decrease was primarily due to the increase in the provisions for impairment of trade receivables this year.

Other receivables mainly consist of deposits and payments made on behalf of customers. Other receivables, net of allowance for impairment increased from approximately RMB43.2 million as at 31 December 2022 to approximately RMB55.2 million as at 31 December 2023, representing an increase of approximately 27.8%, because of the increase in performance bond as a result of new projects under management.

Trade and other payables

Trade payables represent the obligations to pay for goods and services acquired in the ordinary course of business from sub-contractors. Trade payables decreased from approximately RMB94.5 million as at 31 December 2022 to approximately RMB74.1 million as at 31 December 2023, representing a decrease of approximately 21.6%. Such a decrease was mainly due to the decrease in payables as a result of the decreased costs.

Other payables mainly represent (i) consideration payable for business combinations; (ii) payroll payable; (iii) deposits received such as performance bond, retention deposits from property owners, decoration deposits and tender bond; and (iv) owners' maintenance fund which represented various proceeds received on behalf of the property owners. Other payables decreased from approximately RMB305.4 million as at 31 December 2022 to approximately RMB287.0 million as at 31 December 2023, mainly due to the decrease in utility amount.

Contract liabilities

Contract liabilities mainly arise from property management fee received upfront as of the beginning of a billing cycle but are not recognised as revenue. Contract liabilities increased from approximately RMB116.2 million as at 31 December 2022 to approximately RMB131.0 million as at 31 December 2023, primarily due to the increase in eagerness for the property owners to prepay the property management fee for the next year for discount, influenced by the overall economic environment.

Liquidity, financial and capital resources

As at 31 December 2023, the total cash and cash equivalents and restricted bank deposits of the Group amounted to approximately RMB48.0 million (2022: RMB22.7 million) and approximately RMB3.2 million (2022: RMB1.4 million), respectively. The restricted bank deposits remained stable throughout the corresponding periods.

As at 31 December 2023, the Group had bank borrowings of approximately RMB29.9 million (2022: RMB41.2 million), among which approximately RMB11.3 million (2022: RMB11.4 million) will be repayable within one year or on demand. As at 31 December 2023, all current bank borrowings of the Group were denominated in RMB and carried an effective interest rate of 4.45% (2022: 4.60%) per annum. As at 31 December 2023, bank borrowings of approximately RMB29.9 million (2022: RMB41.2 million) were secured by 100% equity interest of Shanghai Jiayuan Baoji Property Services Co., Ltd. and guaranteed jointly by Mr. Shum Tin Ching and an entity controlled by Mr. Shum Tin Ching.

The Group's short-term liquidity position has weakened compared to last year. As at 31 December 2023, the Group's net current liabilities amounted to approximately RMB289.1 million while the Group's net current liabilities amounted to approximately RMB214.3 million as at 31 December 2022. As at 31 December 2023, the Group's current ratio (current assets/current liabilities) was approximately 0.60 while the Group's current ratio was approximately 0.65 as at 31 December 2022.

The gearing ratio, which is calculated on the basis of the Group's total liabilities divided by total assets, as at 31 December 2023 was 117.8% (2022: 105.7%).

Future plans and prospects

As a line of a poem goes, “someday, with my sail piercing the clouds, we will ride the wind, break the waves, and traverse the vast, rolling sea.”

The Group will always adhere to the service tenet of “serving with a heart to build a better place”, follow the path of high-quality development, and implement the following six business strategies to grow into a comprehensive service provider for a better life that meets the desires, aspirations and expectations of the people.

(I) Innovation and creativity, product upgrades and perfect presentation. Guided by wisdom and forward-looking thinking, we will clarify, master and apply the underlying thinking logic of the property management, continue to promote the iterative upgrading of products, and ensure perfect presentation through intensive cultivation and meticulous work, and improve the problem-solving ability and service level.

(II) Building brands and actively expanding space and customers. Pursue and build a unique corporate brand image, build brand power, strengthen the core competitiveness of the enterprise, expand the business coverage, improve the regional concentration of project layout and broaden the range of clients we serve.

(III) Embrace diversity, gather, nurture, and develop the most suitable talents. We will build a “service army” with a mindset of righteousness, goodwill, and knowledge, allowing every service provider to have a sense of accomplishment, belonging, and pride through the co-creation and sharing of service value.

(IV) Continuous investment and leveraging the smartest technology. Standing at the forefront of the era, we will apply the Internet of Things, Big Data, and Artificial Intelligence to invest in the construction of an intelligent property management system and technical equipment, achieving flexible services and highly efficient operations.

(V) Cost leadership, spending every penny wisely for our customers. Reshaping cognition from the perspective of customers, accurately grasping the curve of customer service value, and forming sustainable cost advantages and obtaining market competitive advantages through strict cost management, full participation and whole-process control.

(VI) Integrating resources to build a cooperative and mutually beneficial service platform. Utilising both horizontal and vertical integration strategies, we seek long-term and stable partnerships. By leveraging resources, complementary advantages, and professional collaboration, we provide customers with comprehensive service solutions, meeting their service needs in all aspects and achieving mutual benefits for all parties involved.

Capital commitments

As at 31 December 2023, the Group did not have any material capital commitments.

Contingent liabilities

As at 31 December 2023, certain subsidiaries of the Company are defendants in certain claims, lawsuits, arbitrations and potential claims. The directors of the Company after due consideration of each case and with reference to legal advice, consider the claims would not result in any material adverse impact on the consolidated financial position or results and operations of the Group except as detailed below:

Unauthorised shares pledged

As detailed in the announcement of the Company dated 25 September 2024 and 30 September 2024 and the notes to the audited consolidated financial results of the Group for the year ended 31 December 2022, during the Independent Internal Control Review, it was identified that during the financial year ended 31 December 2022, Zhejiang Heyuan Property Services Co., Ltd.* (浙江禾源物業服務有限公司) ("**Zhejiang Heyuan**"), an indirect wholly-owned PRC subsidiary of the Company, entered into the share pledge agreement (the "**Share Pledge Agreement**") with Mr. Zang Ping ("**Mr. Zang**"), an independent third party, pursuant to which, among others, Zhejiang Heyuan agreed to pledge its equity interest in Zhejiang Jiayuan Property Services Group Co., Ltd. (浙江佳源物業服務集團有限公司) (currently known as Zhejiang Zhixiang Dacheng Property Services Group Co., Ltd (浙江智想大成物業服務集團有限公司), also an indirect wholly-owned PRC subsidiary of the Company) ("**Zhejiang Jiayuan Services**") in the principal amount of RMB500,000,000, and all underlying interest thereof (the "**Pledged Shares**") to Mr. Zang. The pledge was to secure the repayment obligation of Mr. Shum (as defined below), as borrower, in respect of the loan agreement dated 31 March 2022 entered into between (i) Mr. Zang as the lender; (ii) Mr. Shum Yuxing (沈玉興), also known as Mr. Shum Tin Ching (沈天晴) ("**Mr. Shum**"), the then ultimate controlling shareholder of the Company as at the material time of entering into of the Share Pledge Agreement, as the borrower; and (iii) Jiayuan Chuangsheng Holding Group Co., Ltd.* (佳源創盛控股集團有限公司) ("**Jiayuan Chuangsheng**"), a company ultimately and beneficially wholly-owned by Mr. Shum, as the guarantor in relation to the provision of the loan in the principal amount of RMB80,000,000.

Mr. Zang had brought a legal proceeding in the PRC against Mr. Shum and Jiayuan Chuangsheng in July 2022. In September 2022, a civil mediation paper was issued, affirming Mr. Zang's right to enforce repayment of the loan's principal and interest, and to receive preferential rights to proceeds from the auction or sale of pledged properties and the Pledged Shares. In March 2023, the court granted an enforcement order, and ordered for the resumption for the execution of such case to be resumed in March 2024. In July 2024, one of the pledged properties has been auctioned successfully while process on auctioning another pledged property is in progress. There were no further actions taken on the remaining pledged properties and the Pledged Shares as at the date of this announcement.

The Group recognised a provision of approximately RMB37,482,000 for loss on unauthorised Pledged Shares as at 31 December 2022. For the year ended 31 December 2023, an addition provision of approximately RMB11,833,000 was recognised to account for the interest accrued over the period.

Unauthorised Guarantees to the then ultimate controlling shareholder

Reference is made to the announcement of the Company dated 13 November 2024 (the "**Unauthorised Guarantee Announcement**") in relation to, among others, the provision of the unauthorised guarantee by the Group to the then ultimate controlling shareholder during the year ended 31 December 2023.

Each of Jiayuan Chuangsheng (a company ultimately and beneficially wholly-owned by Mr. Shum), Zhejiang Heyuan (an indirect wholly-owned subsidiary of the Company) and Zhejiang Zhixiang Dacheng Property Services Group Co., Ltd.* (浙江智想大成物業服務集團有限公司) (formerly known as Zhejiang Jiayuan Services at the material time) ("**Zhejiang Zhixiang Dacheng**") (an indirect wholly-owned subsidiary of the Company) has entered into the Guarantee Agreements with Shanghai Jinyuan Investment Centre (Limited Partnership)* (上海金轅投資中心(有限合夥)) ("**Shanghai Jinyuan**") and Shanghai Zhijin, Asset Management Co., Ltd.* (上海智金資產管理有限公司) ("**Shanghai Zhijin**"), both independent third parties, pursuant to which, among others, each of Jiayuan Chuangsheng, Zhejiang Heyuan and Zhejiang Zhixiang Dacheng has agreed to provide joint liability guarantees for the payment obligations of Chaohu Xutong Business Management Co., Ltd.* (巢湖市旭彤商業管理有限公司) ("**Chaohu Xutong**") under the equity transfer agreement dated 27 July 2023 entered into between Chaohu Xutong as transferee and Shanghai Jinyuan and Shanghai Zhijin as the transferors in relation to, among others, the transfer of the entire equity interest in Hefei Hongguo Hotel Management Co., Ltd.* (合肥弘果酒店管理有限公司) to Chaohu Xutong at a consideration of RMB123 million (the "**Consideration**").

In December 2023, Shanghai Jinyuan and Shanghai Zhijin filed a request for arbitration ("**Arbitration Request**") to the Shanghai Arbitration Commission (the "**SAC**") requested, among others, (a) Chaohu Xutong to pay the Consideration; and (b) Jiayuan Chuangsheng, Zhejiang Heyuan and Zhejiang Zhixiang Dacheng to be jointly liable for the liability of Chaohu Xutong under the Equity Transfer Agreement.

In April 2024, the legal adviser of Zhejiang Heyuan and Zhejiang Zhixiang Dacheng, without being properly authorised, attended the arbitration hearing and entered into a settlement agreement (the "**Settlement Agreement**"). Subsequently, the SAC issued the Arbitration Mediation Statement ((2024) Huzhonganzi No. 0279 ((2024)滬仲案字第 0279 號)) to confirm the terms of the Settlement Agreement.

On 8 October 2024, based on the Arbitration Mediation Statement, the Shanghai No. 2 Intermediate People's Court accepted the Arbitration Request and issued an enforcement notice (the "**Enforcement Order**") to Zhejiang Heyuan and Zhejiang Zhixiang Dacheng ordering for the compulsory enforcement of the Arbitration Mediation Statement and certain bank accounts of Zhejiang Heyuan and Zhejiang Zhixiang Dacheng of up to the amount of approximately RMB124 million be frozen. The Board only became aware of the Arbitration Mediation Statement and the Enforcement Orders upon discovering that certain bank accounts of Zhejiang Heyuan and Zhejiang Zhixiang Dacheng have been frozen. The Board has sought legal advices on potential and necessary follow up actions to be taken by the Group, and has taken legal actions such as applying for the withdrawal of the Arbitration Mediation Statement and the non-enforcement of the Arbitration Mediation Statement to rigorously defend to protect and safeguard the legitimate interest of the Group and the Company is still assessing the financial impact of the Arbitration Mediation Statement and the Enforcement Orders on the Group. Please refer to the announcement of the Company dated 13 November 2024 for further details. The Group has recognised an expected credit loss of approximately RMB123,000,000, based on the consideration of the equity transfer associated with the unauthorised guarantee.

Save as disclosed above, as at 31 December 2023, the Group did not have any other material contingent liabilities.

Pledge of assets

As at 31 December 2023, the Group has the following pledge of material assets:

100% equity interest of the subsidiary, Shanghai Jiayuan Baoji Property Services Co., Ltd. was pledged as security for bank borrowings.

The Group has pledged the Pledged Shares as described in the subsection "Contingent liabilities – Unauthorised shares pledged" above, which was without the permission or authorisation of the Board and senior management of the Company.

Losses caused by Abnormal Transactions, unauthorised Pledged Shares and unauthorised guarantee

For the year ended 31 December 2023, the loss caused by Abnormal Transaction was nil, the loss caused by unauthorised Pledged Shares was approximately RMB11,833,000 and the loss caused by unauthorised guarantee granted by the Group was approximately RMB123,000,000.

Additional information on qualified opinion and material uncertainty related to going concern

The Company's auditor, RSM Hong Kong, issued (i) a qualified opinion (the "**Qualified Opinion**") on the Group's consolidated financial performance and consolidated cashflow in relation to the Abnormal Transactions and (ii) a material uncertainty related to going concern for the year ended 31 December 2023. Details are disclosed in the Independent Auditor's Report of this report.

Management and Audit Committee's view on the Qualified Opinion

The Board has given careful consideration to the Qualified Opinion and had ongoing discussion with RSM Hong Kong when preparing the Group's consolidated financial statements for the Year.

As the Group's financial information was required to be disclosed as comparative figures in the consolidated financial statements of the Group for the year ended 31 December 2023, and the relevant comparative figures will not be reflected in the consolidated financial statements of the Group for the year ending 31 December 2024, the management is of the view that the Qualified Opinion will be removed in respect of the Group's consolidated financial statements for the year ending 31 December 2024.

In view of the above, the management of the Company and the Audit Committee agree that the Qualified Opinion have no on-going effect on the Group's consolidated financial information in the future reporting periods.

MAJOR RISKS AND UNCERTAINTIES

The main risks and uncertainties faced by the Group are set forth below. Such factors are not exhaustive and therefore other risks and uncertainties may also exist.

Industry risks

The operation of the Group may be affected by the regulatory landscape of the PRC property management industry and related measures. In particular, any price control policies of the PRC government in relation to property management fees. The PRC government may also promulgate new laws and regulations related to other aspects of the Group's industry. This could increase the compliance and operational costs of the Group, thereby materially and adversely affecting the business, financial condition and results of operations of the Group. A significant portion of the Group's operations are concentrated in the Yangtze River Delta region. The Group is susceptible to any adverse development in government policies or business environment (including the level of economic activities and the future regional development prospects) in that region. The business performance of the Group depends on the total GFA under management and the number of projects under management. The Group has been seeking to expand the Group's business since the Group's inception through organic growth as well as acquisitions of and investment in other companies. However, the expansion plans of the Group may be affected by the economic condition in general of the PRC, market prospects and development. The Group cannot guarantee that the Group will be able to grow its business as planned.

Business risks

The Group's profitability depends on its ability to estimate or control the costs in performing our property management services. The Group's profit margin and operating results may be significantly and adversely affected by the increase in labor costs, sub-contracting costs and other operating costs. The Group may not be able to collect property management fees from property owners, residents and property developers and as a result, the Group's business, financial position and results of operations may be materially and adversely affected. The Group cannot guarantee that it is able to renew its existing property management service contracts on favorable terms. There is no guarantee that the Group would be able to find other business opportunities and enter into alternative property management service contracts on favorable terms, or at all.

Foreign exchange risk

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in RMB. The major foreign currency source of the Group was the net proceeds received following the successful listing on the Stock Exchange on 9 December 2020, all of which were denominated in HKD. The Directors expected that the RMB exchange rate would not have any material adverse effect on the operations of the Group. The Group will closely monitor the fluctuations of the RMB exchange rate and adopt prudent measures to reduce potential foreign exchange risk. As at 31 December 2023, the Group did not engage in hedging activities for managing the foreign exchange risk.

Interest rate risk

Except for the interest-bearing bank borrowings, the Group was not exposed to material risk directly relating to changes in market interest rate as at 31 December 2023.

SIGNIFICANT INVESTMENT HELD

The Group had no significant investment held as at 31 December 2023.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2023.

EMPLOYEES AND REMUNERATION POLICY

The Group had 5,891 full-time employees as at 31 December 2023 (31 December 2022: 6,155). The total staff costs for the year ended 31 December 2023 were approximately RMB406.0 million (2022: RMB454.7 million). Employees' remuneration package includes salary, performance bonus and other welfare subsidies. The remuneration of employees is determined in accordance with the Group's remuneration and welfare policies, the employees' positions, performance, company profitability, industry level and market environment.

STAFF TRAINING AND DEVELOPMENT

Employees play a vital role in the Group's service quality and customer experience. Providing employees with career advancement prospects and professional skills training required for business operations is one of the Group's long-term initiatives to retain and motivate talents. The Group regularly provides training programs among the management, which are designed to meet the Group's business needs and long-term strategy. The Group develops training courses for employees every year, which cover the main areas of business operations, including but not limited to corporate culture and policies, technical knowledge required for certain positions, leadership skills and common knowledge of the nature of the Group's services.

For the year ended 31 December 2023, the Group organised 12 intensive training sessions with 1,255 employees participating; management conducted onsite training on the front line for a total of 11 times, with 1,204 employees participating; through the internet and mobile terminals, we organised 40 convenient and efficient learning activities, where the number of participants reached 7,920; we also implemented 3 systematic and targeted product system implementation teachings, with 156 core employees participating; we also organised 2 training sessions for new employees, benefiting 96 new employees in total. In addition, the Group adopted the teaching strategy of "reaching out and inviting in" and introduced advanced training concepts and methods. We encourage employees to actively participate in external training and academic exchanges to broaden their horizons and improve their professionalism. A total of 171 employees have been dispatched to participate in industry certification training. At the same time, the Group also focuses on cooperating with well-known educational institutions and experts at home and abroad: we have invited external experts to give lectures to the Group 3 times, and a total of 278 employees have participated in the training sessions.

The Group has developed comprehensive training programs for different levels of employment, the human resources department of the Group usually formulates an annual training plan at the end of each year based on specific training requirements under the Zhixiangsheng program (智想生計劃), induction training, on-the-job training, reserve general manager training and promotion training program. The Group adopts a four-level training model at the professor level, expert level, follower level, and apprentice level, using different levels of training models to promote the growth and development of employees and shape learning teams and enterprises. We have adopted the method of theoretical examination and practical exercises, and the teaching model of submitting homework at the same time as the teaching, and always verifying the learning achievements of employees during the teaching process. At the same time, the Group has established a comprehensive training evaluation system to conduct regular evaluation and feedback on training effects. By collecting data such as employees' satisfaction with the training content and the improvement of their work performance after training, the training plan is continuously optimised to ensure that the training content closely matches the actual needs of the employees. In addition, we have established a career development path plan for employees, integrating training with employees' personal career development plan to help employees clarify their career goals, stimulate internal motivation, and achieve a win-win situation between personal value and corporate development.

In short, the Group will continue to strive to build a comprehensive training system, so as to provide strong support for the growth and development of employees and promote the continuous progress and prosperity of the enterprise.

DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management as at the date of this annual report were as follows:

EXECUTIVE DIRECTORS

Mr. Bao Guojun (鮑國軍) (with former name as Bao Jinfei (鮑金飛)), aged 38, was appointed as an executive Director on 9 August 2021. Mr. Bao has over 14 years of experience in property management and property development industry. From March 2007 to February 2011, he worked at Zhejiang Jiayuan Services, an indirect wholly-owned subsidiary of the Company, with his last position as the branch manager where he was primarily responsible for project management. From March 2011 to June 2016, he left the Group and worked at Lujiang Guangyuan Real Estate Development Co., Ltd. (廬江縣廣源置業發展有限公司), a company indirectly and wholly-owned by Mr. Shum Tin Ching ("Mr. Shum") who is one of the controlling Shareholders, and was mainly engaged in property development, with his last position as an office director, where he was primarily responsible for human resources, administration and property management. From July 2016 to December 2016, he worked at Lujiang Jiayuan Real Estate Development Co., Ltd. (廬江縣佳源房地產開發有限公司), a company indirectly wholly-owned by Mr. Shum and was mainly engaged in property development, with his last position as an office director and assistant to the general manager, where he was primarily responsible for providing assistance to the general manager. He joined the Group in December 2016 as the deputy general manager of the integrated management center of the Group, and was appointed as the general manager of the integrated management center in January 2018, mainly responsible for the management of the integrated management center. Mr. Bao is currently the general manager and a director of Hunan Jiayuan Huaguan Property Services Company Limited (湖南佳源華冠物業服務有限公司), an indirect non-wholly-owned subsidiary of the Company.

Mr. Bao obtained a bachelor's degree in public affairs management from Jiaxing University (嘉興學院) in the PRC in June 2007.

Mr. Pang Bo (龐博), aged 40, was appointed as a non-executive Director on 11 June 2020 and was a member of the Remuneration Committee and the chairman of the Nomination Committee of the Company. He has been re-designated from a non-executive Director to an executive Director and appointed as one of the joint company secretaries of the Company with effect from 8 October 2021. He had been appointed as the chairman of the nomination committee of the Company (the "Nomination Committee") with effect from 26 July 2024. He is primarily responsible for providing guidance and formulation of business strategies for the overall development of the Group. Mr. Pang has over 18 years of experience in capital operation and corporate management. From September 2006 to September 2010, he worked as an assistant to the chairman and the representative of securities affairs of the board of Minfeng Special Paper Co., Ltd. (民豐特種紙股份有限公司), a company listed on the Shanghai Stock Exchange (Stock Code: 600235). From September 2010 to June 2015, Mr. Pang served as the board secretary and party branch secretary of Zhejiang ODM Transmission Technology Co., Ltd. (浙江歐迪恩傳動科技股份有限公司). From June 2015 to April 2017, he worked as the board secretary and investment director of Jiangxi Zhanyu New Energy Co., Ltd. (江西展宇新能源股份有限公司). From April 2017 to August 2021, he took various positions in Jiayuan Chuangsheng Holding Group Co., Ltd. (佳源創盛控股集團有限公司), including the chief officer of listing management, assistant to the general manager, deputy general manager and general manager of the capital operation department. From August 2020 to August 2021, he served as a general manager of the investment and development department of Jiayuan International Group Limited (佳源國際控股有限公司), a company delisted on the Main Board of The Stock Exchange of Hong Kong Limited on 29 October 2024 (Stock Code: 2768). From 12 May 2021 to December 2024, he served as a director of Shenzhen Ecobeauty Co., Ltd. (深圳美麗生態股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000010). Since 8 October 2021, Mr. Pang is dedicated to serving the Company in the position of a director of the Company.

Mr. Pang obtained a bachelor's degree in economics from Jiaxing University (嘉興學院) in the PRC in June 2006. Mr. Pang obtained the board secretary certificate awarded by the Shanghai Stock Exchange and the board secretary certificate awarded by the Shenzhen Stock Exchange in November 2006 and March 2014, respectively.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Liang Yunxu (梁蘊旭) (also known as Ms. Liang Yiping (梁一萍)), aged 61, was appointed as an independent non-executive Director on 21 October 2020, the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee of the Company. Ms. Liang has over 23 years of experience in financial and banking industry. From June 1996 to November 2017, Ms. Liang held a number of positions at Jiaxing branch of the Bank of Communications Limited (交通銀行股份有限公司), a bank listed on the Shanghai Stock Exchange (Stock Code: 601328), with her last position as the president of the Jiaxing branch. Since November 2018, she has been an independent director and chairman of the risk management committee of the board of the Bank of Jiaxing (嘉興銀行). From January 2019 to January 2021, she has been serving as the business consultant of the Zhejiang Anji BoCom Rural Bank Co., Ltd. (浙江安吉交銀村鎮銀行). Ms. Liang obtained a master's degree in business administration from Fudan University (復旦大學) in the PRC in January 2011.

Mr. Wang Huimin (王惠敏), aged 63, was appointed as an independent non-executive Director on 21 October 2020 and is a member of the Audit Committee and the Remuneration Committee of the Company. Mr. Wang has over 29 years of experience in the property development industry. Since January 1992, Mr. Wang has been working at China Real Estate Industrial Association (中國房地產業協會), where he successively served as an assistant to the director of its communication department, deputy director of its publicity and training department, director of its cooperative development department and vice secretary general and is currently serving as its honorary vice president, vice secretary general, director of "Guangsha Prize" (廣廈獎) selection office and director of credit construction office, primarily responsible for organizing the credit ranking and awards to property developers in the PRC.

Mr. Wong Kwok Yin (王國賢), aged 44, was appointed as an independent non-executive Director on 21 October 2020 and is the chairman of the Audit Committee and a member of the Nomination Committee of the Company. Mr. Wong has over 15 years of experience in investment banking. From March 2006 to November 2006, he was a business valuer in Vigers Appraisal and Consulting Limited (威格斯資產評估顧問有限公司). From November 2006 to April 2007, he worked as the executive of Platinum Management Services Limited (百德能管理服務有限公司). From April 2007 to June 2017, he successively served as an associate manager and associate director at Investec Capital Asia Limited (天達融資亞洲有限公司). From July to December 2017, he worked for VMS Securities Limited (鼎珮證券有限公司), a company mainly engaged in securities brokerage and corporate finance services in Hong Kong as a managing director of corporate finance department and was responsible for business development and overseeing the overall operation of the corporate finance department.

Mr. Wong obtained a bachelor's degree of science majoring in applied chemistry from Hong Kong Baptist University in December 2002. He also obtained a master's degree of arts majoring in accounting and information systems from the City University of Hong Kong in November 2005. He was admitted as a fellow of the Association of Chartered Certified Accountants in September 2015. He was a licensed representative and was accredited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") since December 2006.

SENIOR MANAGEMENT

Ms. Rui Ping (芮萍), aged 51, was appointed as a general manager of the product operations center of the Group in January 2018. She is primarily responsible for quality control and the management of the product operations center of the Group. She joined the Group in December 2016 as a deputy general manager of the operational management center of the Group. Ms. Rui has over 18 years of experience in property management industry. Prior to joining the Group, Ms. Rui worked at the Tongxiang branch of Zhejiang Jiahang Property Management Company Limited (浙江嘉杭物業管理有限公司) (formerly known as Jiaxing Jiaye Yangguang Property Management Co., Ltd. (嘉興市嘉業陽光物業管理有限公司) in 2006. From March 2008 to March 2012, she successively served as a manager of the supervision department and a manager of the operational and management department of Jiayuan Services. From April 2012 to December 2016, she left the Group and worked at Zhejiang Wanbohui Investment Management Co., Ltd. (浙江萬博匯投資管理有限公司), with her last position as a manager of its operational and management department. Ms. Rui obtained a diploma in administrative management from The Open University of China (國家開放大學) (formerly known as China Central Radio and TV University) (中央廣播電視大學)) in the PRC in January 2008.

Ms. Zhang Yaqin (張亞琴), aged 42, was appointed as a deputy general manager of the human resources management center of the Group in January 2020 and is primarily responsible for the overall management of human resources of the Group, in April 2021, has been concurrent in charge of the Group's comprehensive management center and is responsible for administrative comprehensive affairs. She was appointed as a general manager of the comprehensive management center of the Group in February 2023, the comprehensive management center has now been renamed as the personnel administration center (where the human resources management center and the comprehensive management center are merged) and is primarily responsible for the management of human resources and administrative comprehensive affairs of the Group. She joined the Group in July 2007 as a staff in the human resources and administrative department of the Group and served as an assistant manager of the human resource and administrative department in August 2016, where she was primarily responsible for overseeing the administrative affairs of the Group. From January 2017 to December 2019, she served as the administrative secretary in the integrated management center of the Group, where she was primarily responsible for administrative management and establishment of internal system. Prior to joining the Group, from October 2006 to March 2007, Ms. Zhang worked at Jiaxing Yihe Import and Export Trading Co., Ltd. (嘉興市億禾進出口貿易有限公司), a company mainly engaged in commodity distribution and import and export of technology. Ms. Zhang obtained a bachelor's degree in art designing from Zhejiang Sci-Tech University (浙江理工大學) in the PRC in June 2004.

Mr. Wei Haizhou (魏海舟), aged 51, was appointed as a deputy general manger of the financial audit centre of the Company (the "**Finance Audit Centre**") in December 2023 and was subsequently appointed as the general manager of the Finance Audit Centre in June 2024. He is primarily responsible for the management of the finance funding and internal audit of the Group. Mr. Wei joined the Group in December 2018 as a manager of the audit department of the Group. Mr. Wei has 30 years of experience in finance and management in the building and real estate industry. Prior to joining the Group, from December 2010 to December 2016, Mr. Wei worked as the financial controller of Chongqing No. 10 Construction Co., Ltd.* (重慶第十建設有限公司), a company principally engaged in construction projects, and from March 2017 to November 2018, Mr. Wei worked as the financial controller of the finance resources centre of Chongqing Zesheng Cultural Tourism Group Co., Ltd.* (重慶澤勝文化旅遊集團有限公司), a company principally engaged in cultural tourism. Mr. Wei obtained an Executive Master of Business Administration degree from Southwestern University of Finance and Economics (西南財經大學) in the PRC in December 2015. Mr. Wei has obtained a Certificate of Accounting Profession (會計從業資格證書) issued by the Ministry of Finance of the PRC*（中華人民共和國財政部）in 2003 and certified as a senior international finance manager awarded jointly by China Association of Chief Financial Officers (中國總會計師協會), International Financial Management Association (國際財務管理協會) and Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部) in 2017.

Mr. Deng Guanghua (鄧廣華), aged 40, joined the Group in August 2021 as the general manager of the investment and development center of the Group and is mainly responsible for the overall investment and development management of the Group.

Mr. Deng Guanghua has over 15 years of experience in industrial and commercial administration, real estate development investment and property management. Before joining the Group, he worked in Zhejiang Zhaohui Filter Technology Co., Ltd. as the secretary to the president and manager of the administration department in December 2008, mainly responsible for administrative management. In April 2011, he served as the secretary to the chairman of Sanhang Holding Group Co., Ltd., mainly responsible for the affairs related to the board of directors. From June 2011 to January 2015, he successively served as the deputy manager of the comprehensive planning department and the manager of the material decoration department in Jiaxing Zhencai Building Materials Co., Ltd. (嘉興市真才建築材料有限公司) (a real estate development supporting company indirectly wholly-owned by Mr. Shum), mainly responsible for the introduction of strategic cooperative suppliers of building materials and equipment and the management of centralised product procurement and supply. From January 2015 to July 2021, he served as the general manager of the comprehensive management center and subsequently the general manager of the investment development center in Zhejiang Jiayuan Hangzhou Real Estate Group Co., Ltd. (浙江佳源杭城房地產集團有限公司) (a real estate development company indirectly wholly-owned by Mr. Shum), in charge of the company's human resources, administrative management, investment development management, compliance control and risk management.

Mr. Deng Guanghua obtained a bachelor's degree in business administration from Xi'an University of Finance and Economics in June 2006, and a master's degree in business management from Zhejiang University of Finance and Economics in March 2009.

JOINT COMPANY SECRETARIES

For biographical information of Mr. Pang Bo, please refer to the above paragraph headed "Directors and Senior Management – Executive Directors."

Ms. Leung Kwan Wai (梁君慧), was appointed as one of the joint company secretaries of the Company on 8 October 2021 and is currently a manager of Corporate Services Division of Tricor Services Limited, a global professional services provider specialising in integrated business, corporate and investor services. Ms. Leung has over 15 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Leung is a Chartered Secretary, a Chartered Governance Professional and an associate of both The Hong Kong Chartered Governance Institute (formerly The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly The Institute of Chartered Secretaries and Administrators) in the United Kingdom.

REPORT OF THE DIRECTORS

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

PRINCIPAL ACTIVITIES

The principal activities of the Company and its subsidiaries are provisions of property management services, value-added services and community value-added services in the PRC. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS

The results of the Group for the year ended 31 December 2023 are set out in the consolidated income statement on page 62 of this annual report.

DIVIDENDS

The Company has adopted a dividend policy, which aims to set out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its net profits, as dividends to the Shareholders.

The Board is committed to maintaining a stable dividend policy to ensure sustainable and steady returns for Shareholders. After considering the composition of the profit and cash flows of the Group, the Board do not recommend the payment of a final dividend for the year ended 31 December 2023.

BUSINESS REVIEW

A fair review of the Group's business, a discussion and analysis of the Group's performance during the year ended 31 December 2023, the material factors underlying its results and financial position and the likely future development are included in the section headed "Management Discussion and Analysis" from pages 5 to 17 of this annual report. Discussion details on the Group's environmental policies and performance are set out in the "Environmental Policies and Performance"; the status of the Group's compliance with the relevant laws and regulations that have material impact on the Group is set out in the section headed "Compliance with Laws and Regulations" below; and the description of the principal risks and uncertainties facing the Company are set out in the section headed "Management Discussion and Analysis". The aforesaid discussion forms a part of the Directors' Report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Company will publish an Environmental, Social and Governance Report separately on the websites of the Company and the Stock Exchange on 31 December 2024.

COMPLIANCE WITH LAWS AND REGULATIONS

The Board places emphasis on the Group's policies and practices on compliance with legal and regulatory requirements. External legal advisers are engaged to ensure transactions and businesses performed by the Group are within the applicable legal framework. Updates on applicable laws, rules and regulations are brought to the attention of relevant employees and operation units from time to time. The Group continues to comply with the relevant laws and regulations such as the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), and other applicable laws and regulations. Based on information available, save for the non-compliance as disclosed in the announcements of the Company dated 24 March 2023, 30 August 2023, 31 October 2023, 30 September 2024 and 13 November 2024 and as disclosed in this report, the Directors take the view that the Group has complied with the relevant laws and regulations that have a significant impact on the operations of the Group during the year ended 31 December 2023.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders who are entitled to attend and vote at the forthcoming annual general meeting of the Company which will be held on Sunday, 16 February 2025 (the "Annual General Meeting"), the register of members of the Company will be closed from Tuesday, 11 February 2025 to Sunday, 16 February 2025, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the Annual General Meeting, all transfer documents accompanied by the relevant share certificates should be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 18 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 10 February 2025.

FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 160 of this annual report.

PROPERTY AND EQUIPMENT

Details of movements in the property and equipment of the Group during the year ended 31 December 2023 are set out in note 17 to the consolidated financial statements.

BANK BORROWINGS

Details of the bank borrowings of the Group during the year ended 31 December 2023 are set out in note 26 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2023 are set out in note 23 to the consolidated financial statements.

TAX RELIEF

The Company is not aware of any relief from taxation available to the Shareholders of the Company by reason of their holding of the shares of the Company.

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended 31 December 2023 are set out in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

As at 31 December 2023, the Company's reserves available for distribution under the Companies Laws of the Cayman Islands, consisted of share premium and retained earnings amounted to RMB304.3 million.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year ended 31 December 2023 or subsisted at the end of the year.

SIGNIFICANT RELATIONSHIP WITH STAKEHOLDERS

Employees

As of 31 December 2023, the Group had a total number of 5,891 employees. During the reporting period, relationship between the Company and the employees remained stable. The Company did not experience any strikes or other labor disputes which would have material impact on the business activities of the Company.

Customers

The Group understands the importance of maintaining good relationship with customers. The Group has established internal policies and procedures to timely record, respond to and follow up with customers' complaints and feedback which allows the Group to expand its service offerings, and improve its communication methods and issue handling capabilities based on customer experiences.

Suppliers

During day-to-day operation and management, the Company maintained constant communication with the suppliers to understand their opinions and requirements and responded actively in order to enhance trust in partnering suppliers and strengthen bilateral cooperative relationship.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2023, both the percentage of purchases attributable to the Group's five largest suppliers and the percentage of revenue attributable to the Group's five largest customers were less than 30% of the total purchases and total revenue of the Group respectively.

DIRECTORS

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

Executive Directors

Mr. Zhu Hongge (resigned on 26 July 2024)
Mr. Bao Guojun
Mr. Pang Bo

Non-executive Director

Mr. Huang Fuqing (resigned on 12 August 2024)

Independent Non-executive Directors

Ms. Liang Yunxu
Mr. Wang Huimin
Mr. Wong Kwok Yin

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and senior management are set out in the section headed "Directors and Senior Management" on pages 18 to 22 of this annual report.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed herein, at no time during the year ended 31 December 2023 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate; and none of the Directors, or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year ended 31 December 2023.

DIRECTORS' SERVICE CONTRACTS

Mr. Bao Guojun and Mr. Pang Bo, have entered into service agreements with the Company on 9 August 2021 and 8 October 2021, respectively, for a term of three years commencing on the date of the service agreements. Such service agreements may be terminated in accordance with the terms of the service agreements.

Each of the independent non-executive Directors, namely Ms. Liang Yunxu, Mr. Wang Huimin and Mr. Wong Kwok Yin, was appointed to the Board pursuant to their respective letters of appointment dated 21 October 2020. Each of the non-executive Director and independent non-executive Directors was appointed for an initial term of three years commencing from the Listing Date, and such appointment may be terminated in accordance with the terms of the letters of appointment.

All the Directors are subject to retirement by rotation and re-election at an annual general meeting at least once every three years in accordance with the Articles of Association of the Company.

Saved as disclosed herein, no Director proposed for re-election at the Annual General Meeting of the Company has a service contract that is not determinable within one year without payment of compensation, other than statutory compensation.

Each of the executive Directors is entitled to a basic salary pursuant to their respective service agreements, which is determined with reference to their responsibilities, experience, performance and the prevailing market conditions. In addition, each of them is entitled to a bonus of such amount as the Board may determine in respect of each complete financial year of the Company.

Each of the independent non-executive Directors is entitled to a director's fee pursuant to his/her letters of appointment, which is determined with reference to his/her responsibilities, experience, performance and the prevailing market conditions. Save for director's fee, each of the independent non-executive Directors is not expected to receive any other remuneration and benefits for holding his/her office as independent non-executive Director respectively.

REMUNERATION OF THE DIRECTORS

Details of remuneration of the Directors during the year ended 31 December 2023 are set out in note 12 to the consolidated financial statements.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the three independent non-executive Directors, a confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent in accordance with Rule 3.13.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, none of the Directors had any direct or indirect interest in a business which competed or might compete with the business of the Group as required to be disclosed under Rule 8.10 of the Listing Rules.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as disclosed herein, none of the Directors had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during or at the end of the year.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association of the Company, Directors, managing directors, alternate Directors, auditors, secretary and other officers for the time being of the Company and the trustees for the time being acting in relation to any of the affairs of the Company, and their respective executors or administrators, shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their executors or administrators, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts.

The Company has also arranged appropriate directors' and officers' liability insurance for the Directors and officers of the Group.

SHARE SCHEMES

During the year ended 31 December 2023, the Company had no share option scheme or share award scheme.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2023.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OR DEBENTURES

As at 31 December 2023, the interest and/or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and short positions which they were taken or deemed to have under such provision of the SFO) or which were required to be and were recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 (formerly known as Appendix 10) to the Listing Rules (the "Model Code") were as follows:

(a) Interest in associated corporation of the Company

Name of Director	Name of associated corporation	Nature of interest	Number of ordinary shares or underlying shares held(1)	Approximate percentage of shareholding
Mr. Zhu Hongge(2)	Jiayuan International(5)	Beneficial owner	46,000 (L)	0.0007%
Mr. Huang Fuqing(3)	Jiayuan International(5)	Beneficial owner	1,200,000 (L)(4)	0.02%

Note:

(1) The letter "L" denotes the Director's long position in the shares.

(2) Mr. Zhu Hongge (朱宏戈先生) resigned as Chairman of the Board, executive Director, Chairman of Nomination Committee, Authorised Representative and Chief Executive Officer of the Company on 26 July 2024.

(3) Mr. Huang Fuqing (黃福清先生) resigned as non-executive Director on 12 August 2024.

(4) The underlying Shares relating to the share options granted by Jiayuan International to Mr. Huang Fuqing on 17 June 2022.

(5) Jiayuan International has ceased to be an associate corporation of the Company under the SFO on 5 September 2024. For details, please refer to the section headed "Events after the Reporting Period" in this report.

Save as disclosed above, as at the date of this report, none of the Directors and chief executive of the Company and their respective close associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OR DEBENTURES

So far as the Directors are aware as of 31 December 2023, the following persons (other than the Directors or chief executive of the Company) had the following 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 or required to be disclosed under Divisions 2 and 3 of Part XV of the SFO:

Name of substantial Shareholder	Nature of interest	Number of shares or securities held	Approximate percentage of interest in the Company
Valuable Capital Group Limited	Interest in controlled corporation	450,000,000 (L)[5]	73.56%
Consolidated Capital Group Holding Limited	Interest in controlled corporation	450,000,000 (L)[5]	73.56%
Valuable Capital Limited	Person having a security interest in shares	450,000,000 (L)[5]	73.56%
Mr. Lai Wing Lun	Agent	450,000,000 (L)[5]	73.56%
Mr. Arab Osman Mohammed	Agent	450,000,000 (L)[5]	73.56%
Chuangyuan Holdings Limited ("Chuangyuan Holdings")	Beneficial owner	450,000,000 (L) 450,000,000 (S)[4]	73.56%
Dragon Giant Global Limited	Interest in controlled corporation	450,000,000(L) 450,000,000(S)[4]	73.56%
Jiayuan Investment Management Limited ("Jiayuan Investment")	Interest in controlled corporation[2]	450,000,000 (L) 450,000,000 (S)[4]	73.56%
Jiayuan International Group Limited	Interest in controlled corporation[2]	450,000,000 (L) 450,000,000 (S)[4]	73.56%
Mingyuan Group Investment Limited ("Mingyuan Group")	Interest in controlled corporation[2]	450,000,000 (L) 450,000,000 (S)[4]	73.56%
China Jiayuan Group Limited ("China Jiayuan")	Interest in controlled corporation[2]	450,000,000 (L) 450,000,000 (S)[4]	73.56%
Galaxy Emperor Limited ("Galaxy Emperor")	Interest in controlled corporation[2]	450,000,000 (L) 450,000,000 (S)[4]	73.56%
Mr. Shum Tin Ching	Interest in controlled corporation[2]	450,000,000 (L) 450,000,000 (S)[4]	73.56%
Ms. Wang Xinmei	Interest of spouse[3]	450,000,000 (L) 450,000,000 (S)[4]	73.56%
First Leading Trading Limited	Beneficial owner	32,124,000 (L)	5.25%

Notes:

(1) The letter "L" denotes the person's long position in the shares of the Company. The letter "S" denotes the person's short position in the shares of the Company.

(2) As at 31 December 2022, Chuangyuan Holdings is wholly-owned by Jiayuan Investment, which is in turn wholly-owned by Jiayuan International. Jiayuan International is owned as to approximately 67.96% by Mingyuan Group and approximately 1.78% by Mr. Shum in his own personal capacity. Therefore, Mr. Shum is deemed to be interested in Mingyuan Group's interest in Jiayuan International by virtue of the SFO. Mingyuan Group is owned as to 70% by China Jiayuan. China Jiayuan is wholly-owned by Galaxy Emperor, a company directly wholly-owned by Mr. Shum. By virtue of the SFO, each of Jiayuan Investment, Jiayuan International and Mingyuan Group is deemed to be interested in the shares in which Chuangyuan Holdings is interested, and each of China Jiayuan, Galaxy Emperor and Mr. Shum is deemed to be interested in the shares in which Mingyuan Group is interested.

(3) Ms. Wang Xinmei is the spouse of Mr. Shum. By virtue of the SFO, Ms. Wang Xinmei is deemed to be interested in the shares of the Company in which Mr. Shum is interested.

(4) Chuangyuan Holdings, as the chargor, had pledged 450,000,000 shares to SHK Finance Limited and AP Diamond Limited under a share mortgage agreement. SHK Finance Limited is indirectly wholly-owned by United Asia Finance Limited. United Asia Finance Limited is held as to approximately 7.84% by Swan Islands Limited and approximately 54.90% by UAF Holdings Limited which in turn is wholly owned by Swan Islands Limited and Swan Islands Limited is wholly owned by Sun Hung Kai & Co. Limited. Sun Hung Kai & Co. Limited is held as to approximately 73.10% by AP Emerald Limited, which in turn is indirectly wholly owned by Allied Group Limited. AP Diamond Limited is indirectly wholly-owned by Allied Group Limited. Allied Group Limited is held jointly by Lee Seng Huang, Lee Seng Hui and Lee Su Hwei as to approximately 74.99%. Accordingly, Allied Group Limited, Sun Hung Kai & Co. Limited, United Asia Finance Limited, Lee Seng Huang, Lee Seng Hui and Lee Su Hwei are deemed to be interested in all shares held by SHK Finance Limited.

(5) Chuangyuan Holdings, as the chargor, had pledged 450,000,000 shares of the Company to Valuable Capital Limited as lender under a security deed on 23 November 2022. Valuable Capital Limited is wholly owned by Consolidated Capital Group Holding Limited and Consolidated Capital Group Holding Limited is wholly owned by Valuable Capital Group Limited. Mr. Arab Osman Mohammed and Mr. Lai Wing Lun were appointed as the joint and several receivers and managers (the "**Receivers**") of the charged 450,000,000 shares on 6 September 2023 upon the occurrence of the event of default of the underlying loan documents, the security provided under the security deed has become immediately enforceable, and the Lender is entitled to exercise, and has exercised, the power(s) conferred by the security deed, including but not limited to the power to appoint the Receivers over the charged 450,000,000 shares. Please refer to the announcement of the Company dated 11 September 2023 for further details.

(6) As at 31 December 2023, the total number of issued shares of the Company was 611,709,000.

Save as disclosed above, as at the date of this report, the Directors are not aware of any person who had an interest or short position in the shares and the underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

CONNECTED TRANSACTIONS

The Group entered into certain related party transactions with related parties during the year ended 31 December 2023 which constituted connected transactions or continuing connected transactions of the Group, details of which are set out in note 32 to the consolidated financial statements. They do not constitute notifiable connected transaction under the Listing Rules.

The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

The Group had entered into various transactions which constituted continuing connected transactions under Chapter 14A of the Listing Rules. All the continuing connected transactions during the year that need to be disclosed herein are in compliance with the Listing Rules. The transaction amount of the continuing connected transactions of the Group for the year ended 31 December 2023 is set out below:

	Connected Person	Nature of Transaction	Transaction Amount for Year Ended 31 December 2023 *(RMB' 000)*
1	Jiayuan Chuangsheng Holding Group Company Limited (Jiayuan Chuangsheng)(1)	Provision of property management services	863
		Provision of value added services	50
2	Jiayuan Chuangsheng(2)	Provision of sale management and other services	6,431
3	Jiayuan International(3)	Provision of property management services	1,855
		Provision of value added services	582
4	Jiayuan International(4)	Provision of sale management and other services	8,294
5	Jiayuan International(5)	Provision of deposits	–
		Provision of exclusive sales agency service	–

Notes:

(1) Jiayuan Chuangsheng is a company established in the PRC with limited liability on 18 April 1995 and indirectly wholly-owned by Mr. Shum.

On 22 December 2021, the Company entered in a property management services and value added services framework agreement ("2021 Chuangsheng Property Management and Value Added Services Agreement") with Jiayuan Chuangsheng (for itself and on behalf of its subsidiaries and associates) to terminate the property management agreement dated 21 November 2020 entered with Jiayuan Chuangsheng and the value added services agreement dated 21 November 2020 entered with Jiayuan Chuangsheng with effect from 1 January 2022, revised annual caps for the year ended 31 December 2021 and provide the new continuing connected transaction arrangements and annual caps for the three years ending 31 December 2024. Under the 2021 Chuangsheng Property Management and Value Added Services Agreement, the Group would provide (I) property management services including but not limited to (a) property management services for completed property units which are unsold or sold but prior to the delivery date as agreed between the Jiayuan Chuangsheng Group and the purchasers, including security, cleaning, greening, and repair and maintenance services; and (b) management services for completed car parking spaces which are unsold or sold but prior to the delivery date as agreed between the Jiayuan Chuangsheng Group and the purchasers; and (II) value added services including but not limited to (a) providing catering services for employees of Jiayuan Chuangsheng Group; and (b) providing assistance services for the sales of car parking spaces including marketing and advertising services for the Chuangsheng Holdings Group and sales of household goods and small electrical appliances products to the Chuangsheng Holdings Group.

The annual caps for property management services for the years ended/ending 31 December 2022, 2023 and 2024 would be approximately RMB8.5 million, RMB10.2 million and RMB12.3 million, respectively.

The annual caps for value added services for the years ended/ending 31 December 2022, 2023 and 2024 would be approximately RMB6.0 million, RMB7.2 million and RMB8.7 million, respectively.

(2) On 22 December 2021, the Company entered into a sales management and other services framework agreement ("2021 Chuangsheng Sales Management Agreement") with Jiayuan Chuangsheng (for itself and on behalf of its subsidiaries and associates) to terminate the Sales Management Agreement dated 21 November 2020 entered with Jiayuan Chuangsheng with effect from 1 January 2022, revised annual cap for the year ended 31 December 2021 and provide the new continuing connected transaction arrangements and annual caps for the three years ending 31 December 2024. Under the 2021 Chuangsheng Sales Management Agreement, the Group would provide sales management and other services including but not limited to (a) management of the on-site sales office for the sales of properties, including but not limited to cleaning and security services; (b) preliminary planning and design consultancy services in the planning, design, construction and completion phases of property development projects; and (c) cleaning services for the properties on an one-off basis before delivery to homeowners, for property projects developed by the Jiayuan Chuangsheng Group.

The annual caps for the years ended/ending 31 December 2022, 2023 and 2024 would be approximately RMB53.0 million, RMB63.6 million and RMB76.4 million, respectively.

(3) Jiayuan International is an exempted company incorporated in the Cayman Islands with limited liability on 5 May 2015 and indirectly holds 73.6% of the issued share capital of the Company.

On 22 December 2021, the Company entered into a property management and value added services framework agreement ("2021 Jiayuan International Property Management and Value Added Services Agreement") with Jiayuan International (for itself and on behalf of its subsidiaries and associates) to terminate the property management agreement dated 21 November 2020 entered with Jiayuan International and the value added services agreement dated 21 November 2020 entered with Jiayuan International with effect from 1 January 2022 and provide the new continuing connected transaction arrangements and annual caps for the three years ending 31 December 2024. Under the 2021 Jiayuan International Property Management and Value Added Services Agreement, the Group would provide (I) property management services including but not limited to (a) property management services for completed property units which are unsold or sold but prior to the delivery date as agreed between the Jiayuan International Group and the purchasers, including security, cleaning, greening, and repair and maintenance services; and (b) management services for completed car parking spaces which are unsold or sold but prior to the delivery date as agreed between the Jiayuan International Group and the purchasers, including cleaning, maintenance and lighting services, for property projects developed by the Jiayuan International Group; and (II) value added services including but not limited to (a) catering services for employees of Jiayuan International Group; and (b) assistance services for the sales of car parking spaces including marketing and advertising services for the Jiayuan International Group.

The annual caps for property management services for the years ended/ending 31 December 2022, 2023 and 2024 will be approximately RMB12.7 million, RMB15.3 million and RMB18.3 million, respectively.

The annual caps for value added services for the years ended/ending 31 December 2022, 2023 and 2024 will be approximately RMB3.1 million, RMB3.8 million and RMB4.5 million, respectively.

(4) On 22 December 2021, the Company entered into a sales management and other services framework agreement ("2021 Jiayuan Sales Management Agreement") with Jiayuan International (for itself and on behalf of its subsidiaries and associates) to terminate the sales management agreement dated 21 November 2020 with effect from 1 January 2022, revised annual cap for the year ended 31 December 2021 and provide the new continuing connected transaction arrangements and annual caps for the three years ending 31 December 2024. Under the 2021 Jiayuan Sales Management Agreement, the Group would provide sales management and other services including but not limited to (a) management of the on-site sales office for the sales of properties, including but not limited to cleaning and security services; (b) preliminary planning and design consultancy services in the planning, design, construction and completion phases of property development projects; and (c) cleaning services on an one-off basis for the properties before delivery to homeowners, for property projects developed by the Jiayuan International Group.

The annual caps for the years ended/ending 31 December 2022, 2023 and 2024 will be approximately RMB58.0 million, RMB69.6 million and RMB83.6 million, respectively.

(5) On 29 November 2022, the Company entered into a car parking space exclusive sales agency agreement ("2022 Car Parking Space Exclusive Sales Agency Agreement") with Jiayuan International (for itself and on behalf of its subsidiaries and associates) to provide the continuing connected transaction arrangements and annual caps for the three years ending 31 December 2024. Under the 2022 Car Parking Space Exclusive Sales Agency Agreement, the Group would (i) act as the exclusive sales agent to provide car parking space sales agency service for the designated car parking spaces during the term, where Jiayuan International Group shall not entrust the designated car parking spaces to other third parties for sales and shall not sell, transfer or dispose of in any other manner any of the designated car parking spaces to third parties unless agreed by both parties through negotiation; and (ii) within fifteen (15) business days of the execution of a specific contract, pay Jiayuan International a refundable deposit equivalent to the aggregate pre-determined minimum prices for the designated car parking spaces under the specific contracts. The deposit will be settled by the Group using cash from its internal resources.

The annual caps for the deposits for the years ended/ending 31 December 2022, 2023 and 2024 would be approximately RMB205.01 million, RMB205.04 million and RMB205.02 million, respectively.

The annual caps for the commission receivable for the exclusive sales agency service for the years ended/ending 31 December 2022, 2023 and 2024 would be approximately RMB52.04 million, RMB52.04 million and RMB52.04 million, respectively.

The independent non-executive Directors confirmed that the above continuing connected transactions have been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or terms better to the Group than terms available to or from, as appropriate, independent third parties; (c) on terms that are fair and reasonable and in the interests of the Company and its Shareholders as a whole; and (d) the total annual transaction amount for the year ended 31 December 2023 has not exceeded the respective annual cap.

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

(i) have not been approved by the Company's board of directors;

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

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

(iv) have exceeded the annual cap as set by the Company.

FINANCIAL ASSISTANCE

Save as disclosed above, the Group has provided the following financial assistances during the year ended 31 December 2023 which constitutes connected transactions that should be disclosed pursuant to Rules 14A.49 and 14A.71 of the Listing Rules.

Unauthorised Guarantees to the then ultimate controlling shareholder

Reference is made to the announcement of the Company dated 13 November 2024 (the "Unauthorised Guarantee Announcement") in relation to, among others, the provision of the unauthorised guarantee by the Group to the then ultimate controlling shareholder during the year ended 31 December 2023. Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Unauthorised Guarantee Announcement.

Each of Jiayuan Chuangsheng Holding Group Co., Ltd.* (佳源創盛控股集團有限公司) ("Jiayuan Chuangsheng") (a company ultimately and beneficially wholly-owned by Mr. Shum), Zhejiang Heyuan Property Services Co., Ltd.* (浙江禾源物業服務有限公司) ("Zhejiang Heyuan") (an indirect wholly-owned subsidiary of the Company) and Zhejiang Zhixiang Dacheng Property Services Group Co., Ltd.* (浙江智想大成物業服務集團有限公司) (formerly known as Zhejiang Jiayuan Property Services Group Co., Ltd.* (浙江佳源物業服務集團有限公司) at the material time) ("Zhejiang Zhixiang Dacheng") (an indirect wholly-owned subsidiary of the Company) has entered into the Guarantee Agreements with Shanghai Jinyuan Investment Centre (Limited Partnership)* (上海金轅投資中心(有限合夥)) ("Shanghai Jinyuan") and Shanghai Zhijin, Asset Management Co., Ltd.* (上海智金資產管理有限公司) ("Shanghai Zhijin"), both independent third parties, pursuant to which, among others, each of Jiayuan Chuangsheng, Zhejiang Heyuan and Zhejiang Zhixiang Dacheng has agreed to provide joint liability guarantees for the payment obligations of Chaohu Xutong Business Management Co., Ltd.* (巢湖市旭彤商業管理有限公司) ("Chaohu Xutong") under the equity transfer agreement dated 27 July 2023 entered into between Chaohu Xutong as transferee and Shanghai Jinyuan and Shanghai Zhijin as the transferors in relation to, among others, the transfer of the entire equity interest in Hefei Hongguo Hotel Management Co., Ltd.* (合肥弘果酒店管理有限公司) to Chaohu Xutong at a consideration of RMB123 million (the "Consideration").

In December 2023, Shanghai Jinyuan and Shanghai Zhijin filed a request for arbitration ("Arbitration Request") to the Shanghai Arbitration Commission (the "SAC") requested, among others, (a) Chaohu Xutong to pay the Consideration; and (b) Jiayuan Chuangsheng, Zhejiang Heyuan and Zhejiang Zhixiang Dacheng to be jointly liable for the liability of Chaohu Xutong under the Equity Transfer Agreement.

In April 2024, the legal adviser of Zhejiang Heyuan and Zhejiang Zhixiang Dacheng, without being properly authorised, attended the arbitration hearing and entered into a settlement agreement (the "Settlement Agreement"). Subsequently, the SAC issued the Arbitration Mediation Statement ((2024) Huzhonganzi No. 0279 ((2024)滬仲案字第0279 號)) to confirm the terms of the Settlement Agreement.

On 8 October 2024, based on the Arbitration Mediation Statement, the Shanghai No. 2 Intermediate People's Court accepted the Arbitration Request and issued an enforcement notice (the "Enforcement Order") to Zhejiang Heyuan and Zhejiang Zhixiang Dacheng ordering for the compulsory enforcement of the Arbitration Mediation Statement and certain bank accounts of Zhejiang Heyuan and Zhejiang Zhixiang Dacheng of up to the amount of approximately RMB124 million be frozen. The Board only became aware of the Arbitration Mediation Statement and the Enforcement Orders upon discovering that certain bank accounts of Zhejiang Heyuan and Zhejiang Zhixiang Dacheng have been frozen. The Board has sought legal advices on potential and necessary follow up actions to be taken by the Group, and has taken legal actions such as applying for the withdrawal of the Arbitration Mediation Statement and the nonenforcement of the Arbitration Mediation Statement to rigorously defend to protect and safeguard the legitimate interest of the Group and the Company is still assessing the financial impact of the Arbitration Mediation Statement and the Enforcement Orders on the Group. Please refer to the announcement of the Company dated 13 November 2024 for further details. The Group has recognised an expected credit loss of approximately RMB123,000,000, based on the consideration of the equity transfer associated with the unauthorised guarantee.

EMOLUMENT POLICY

A Remuneration Committee was set up to make recommendations on the Company's emolument policy and structure for all remuneration of the Directors and senior management of the Group on the basis of their merit, qualifications and competence.

None of the Directors waived any emoluments during the year ended 31 December 2023.

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within knowledge of the Directors, the Company has maintained a sufficient public float as required under the Listing Rules as at the date of this report.

PURCHASE, SALE OR 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 during the year ended 31 December 2023.

EVENTS AFTER THE REPORTING PERIOD

The Group has the following significant events after the end of the reporting period:

Resumption Guidance

As set out in the announcements of the Company dated 30 June 2023, 22 February 2024 and 17 May 2024 (the "Resumption Guidance Announcements"), in relation to, among other matters, the Resumption Guidance. Capitalised terms used herein shall have the same meanings as defined in the Resumption Guidance Announcements unless otherwise stated.

As set out in the Resumption Guidance Announcements, the Stock Exchange has set out the following Resumption Guidance:

(i) publish all outstanding financial results required under the Listing Rules and address any audit modifications;

(ii) demonstrate the Company's compliance with Rule 13.24 of the Listing Rules;

(iii) announce all material information for the Shareholders and investors to appraise the Company's position;

(iv) conduct an appropriate independent investigation in the Abnormal Transactions, announce the findings and take appropriate remedial actions;

(v) conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet its obligations under the Listing Rules; and

(vi) demonstrate that there is no reasonable regulatory concern about the integrity, competence and/or character of the Group's management and/or any persons with substantial influence over the Company's management and operations, which may pose a risk to investors and damage market confidence.

The Company has been proactively taking adequate actions to fulfill the the Resumption Guidance. On 25 September 2024, an application has been made by the Company to the Stock Exchange for an extension of remedial period prescribed under Rule 6.01A of the Listing Rules up to and inclusive of 31 December 2024 for the Company to fulfil the conditions set out in the Resumption Guidance. On 1 November 2024, the Company received a letter from the Stock Exchange stating that after considering the Company's case, the Listing Committee of the Stock Exchange decided to extend the Remedial Period to 31 December 2024. Please refer to the announcements of the Company dated 2 October 2024 and 1 November 2024 for details. As at the date of this report, the Company considers that all Resumption Guidance have been fulfilled. The Company will seek to resume trading of the Shares as soon as possible.

Independent Investigation and Internal Control Review

Reference is made to the announcement of the Company dated 25 September 2024 in relation to the independent investigation conducted by Grant Thornton Advisory Services Limited (the "Independent Investigation Agency") and the internal control review conducted by Zhonghui Anda Risk Services Limited (the "Internal Control Consultant") (the "Key Findings Announcement"). Capitalised terms used herein shall have the same meanings as defined in the Key Findings Announcement unless otherwise stated.

On 19 September 2024, the Independent Investigation issued an independent forensic investigation report (the "Report") and the Internal Control Consultant issued a report on its findings of the Internal Control Review to the Audit Committee. On 25 September 2024, the Company announced the key findings of the Report and the Internal Control Review. Details of the key findings of the Report and the Internal Control Review are set out in the announcement of the Company dated 25 September 2024.

Unauthorised Guarantees to the then Ultimate Controlling Shareholder

For details, please refer to the subsection "Management Discussion and Analysis – Contingent Liabilities – Unauthorised Guuarantees to the then Ultimate Controlling Shareholder" above.

Sale and Purchase of Shares and Mandatory Unconditional Cash Offer

References are made to (i) the announcement dated 27 October 2024 jointly issued by Linkto Tech Limited and Valuable Capital Limited (the "Joint Offerors") and the Company; and (ii) the composite offer and response document (the "Composite Document") jointly issued by the Company and the Joint Offerors dated 10 December 2024 in relation to, among other things, the Sale and Purchase Agreement and the Offer. Capitalised terms used herein shall have the same meanings as defined in the Composite Document unless otherwise stated.

On 5 September 2024, the Receivers and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Receivers agreed to sell, and the Purchaser agreed to acquire, an aggregate of 450,000,000 shares of the Company (representing approximately 73.56% of the issued share capital of the Company as at 5 September 2024), at a total consideration of HK$99,000,000.

Completion of the Sale and Purchase Agreement took place on 5 September 2024. Upon Completion, the Joint Offerors became the controlling shareholders of the Company and were interested in approximately 73.56% of the issued share capital of the Company.

CHANGES IN INFORMATION IN RESPECT OF DIRECTORS

The Company is not aware of any other changes which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

AUDIT COMMITTEE

The annual results and the audited consolidated financial statements of the Group for the year ended 31 December 2023 have been reviewed by the Audit Committee of the Company. Information on the work of the Audit Committee and its composition are set out in section headed “Corporate Governance Report” on pages 41 to 54 of this annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code for the year ended 31 December 2023.

CORPORATE GOVERNANCE

Details of the Company’s corporate governance practices are set out in the “Corporate Governance Report” in this annual report.

CHANGE OF AUDITORS

Resignation of PricewaterhouseCoopers ("PwC")

As disclosed in the announcement of the Company dated 7 March 2023, PwC has tendered resignation as the auditor of the Company with effect from 6 March 2023.

With the recommendation of the Audit Committee, the Board has resolved to appoint Messrs. Elite Partners CPA Limited as the new auditor of the Company with effect from 6 March 2023 and to hold office until the conclusion of the forthcoming annual general meeting. Please refer to the announcement of the Company dated 7 March 2023 for further details.

Resignation of Elite Partners CPA Limited ("Elite Partners") and appointment of RSM Hong Kong Limited

With effect from 9 September 2024, Elite Partners has resigned as the auditors of the Company. Prior to the resignation of Elite Partners, the Company noted that Elite Partners is no longer able to undertake audit services for domestic enterprises listed outside the Mainland for a period of 5 years following a regulatory decision from the Ministry of Finance of the People's Republic of China and has made relevant enquiries with Elite Partners.

With the recommendation of the Audit Committee, the Board has resolved to appoint Messrs. RSM Hong Kong as the new auditor of the Company with effect from 10 September 2024 and to hold office until the conclusion of the forthcoming annual general meeting. Please refer to the announcement of the Company dated 10 September 2024 for further details.

Save as disclosed, there had been no other change of auditors of the Company in the preceding three years.

On behalf of the Board
Pang Bo
Executive Director

Hong Kong, 4 December 2024

CORPORATE GOVERNANCE REPORT

The Board is pleased to report to the Shareholders on the corporate governance of the Company for the year ended 31 December 2023.

CORPORATE GOVERNANCE PRACTICES

The Company and its management are committed to maintaining good corporate governance with an emphasis on the principles of transparency, accountability and independence to all Shareholders. The Company believes that good corporate governance is the essence of continual growth and enhancement of shareholders' value. The Company has applied the principles of and complied with the code provisions stipulated in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 14 (which has been renumbered to Appendix C1 with effect from 31 December 2023) to the Listing Rules during the year ended 31 December 2023 with the exception of code provision C.2.1 which is explained below in this report.

Code provision C.2.1 of the CG Code stipulates that the roles of the chairman and the chief executive officer should be separated and should not be performed by the same individual. Mr. Zhu Hongge was the chairman and the chief executive officer of the Company (who resigned on 26 July 2024). Under the then leadership of Mr. Zhu Hongge, the Board worked efficiently and performs its responsibilities with all key and appropriate issues discussed in a timely manner. In addition, as all major decisions were made in consultation with members of the Board and relevant Board committee, and there have been three independent non-executive Directors on the Board offering independent perspective, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board shall nevertheless review the structure and composition of the Board from time to time in light of prevailing circumstances, to maintain a high standard of corporate governance practices of the Company.

The Board will continue to review and consider splitting the roles of chairman and chief executive officer at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the code of conduct for securities transactions by directors and employees who are likely to be in possession of unpublished inside information of the Company.

The Company, after making specific inquiries to all Directors, confirmed that all of them have complied with the required standards in the Model Code for the year ended 31 December 2023.

In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its Directors in advance.

BOARD OF DIRECTORS

The powers and duties of the Board include convening general meetings and reporting the Board's work at the Shareholders' meetings, determining business and investment plans, preparing the annual financial budgets and financial reports of the Company, formulating proposals for profit distributions and exercising other powers, functions and duties as conferred by the Articles of Association of the Company.

Composition of the Board

As at 31 December 2023, the Board comprised the following Directors:

Executive Directors
Mr. Zhu Hongge *(Chairman and Chief Executive Officer) (resigned on 26 July 2024)*
Mr. Bao Guojun
Mr. Pang Bo

Non-executive Director
Mr. Huang Fuqing *(resigned on 12 August 2024)*

Independent Non-executive Directors
Ms. Liang Yunxu
Mr. Wang Huimin
Mr. Wong Kwok Yin

The biographical information of the Directors as of the date of this annual report is set out in the section headed "Directors and Senior Management" on pages 18 to 22 of this annual report.

Saved as disclosed herein and to the best knowledge, information and belief of the Directors, each of the Directors has no financial, business, family or other material/relevant relationships with any other Directors, senior management, substantial Shareholders or controlling Shareholders of the Company.

The list of Directors (by category) is disclosed in all corporate communications issued by the Company pursuant to the Listing Rules. A list of the Directors identifying their roles and functions is also available on the Company's website at http://jy-fw.cn/ and on the website of the Stock Exchange.

Chairman and Chief Executive Officer

According to code provision C.2.1 of the CG Code, the roles of the chairman and chief executive officer of the Company should be separate and should not be performed by the same individual. Mr. Zhu Hongge was the chairman and the chief executive officer of the Company. The Board believes that, under the then leadership of Mr. Zhu Hongge, the Board works efficiently and performs its responsibilities with all key and appropriate issues discussed in a timely manner. In addition, as all major decisions are made in consultation with members of the Board and relevant Board committee, and there are three independent non-executive Directors on the Board offering independent perspective, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board shall nevertheless review the structure and composition of the Board from time to time in light of prevailing circumstances, to maintain a high standard of corporate governance practices of the Company.

The Board will continue to review and consider splitting the roles of chairman and chief executive officer at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

Independent non-executive Directors

During the year ended 31 December 2023, the Company has at all times complied with the requirements of the Listing Rules to have at least three independent non-executive Directors representing at least one-third of the Board with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise.

Each of the three independent non-executive Directors has confirmed his independence and the Company considers each of them to be independent in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules.

Non-executive Director and Directors' Re-Election

Code provision B.2.2 of the CG Code stipulates that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Each of the Directors (including the non-executive Directors) is appointed for a specific term of three years and is subject to retirement by rotation at least once every three years. The Articles of Association of the Company requires that at each annual general meeting one-third of the Directors for the time being (or, if the number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company, oversees the overall operational, management and strategic planning of the Group and provide guidance and formulate business strategies for the overall development of the Group and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. Directors of the Board take decisions objectively in the interests of the Company.

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

All Directors shall have full and timely access to all the information of the Company as well as the services and advice from the company secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances for discharging their duties to the Company.

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

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

The Board has established the Group's purpose, values and strategy, and has satisfied itself that the Group's culture is aligned. Acting with integrity and leading by example, the Directors promote the desired culture to instill and continually reinforce across the Group the values of acting lawfully, ethically and responsibly.

Continuous Professional Development of Directors

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

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

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

The Directors confirmed that they have complied with code provision C.1.4 of the CG Code on directors' training. During the year ended 31 December 2023, each of the Directors attended a training session on 21 December 2023 in relation to the relevant requirements of the Listing Rules and duties of directors of companies listed in Hong Kong and each of the Directors is fully aware of his/her duties and responsibilities as a director of a listed company in Hong Kong.

The record of continuous professional development relating to directors' duties and regulatory and business development that have been received by the Directors for the year ended 31 December 2023 are summarized as follows:

Name of Directors	Type of Training[(1)]
Executive Directors	
Mr. Zhu Hongge *(resigned on 26 July 2024)*	A
Mr. Bao Guojun	A
Mr. Pang Bo	A
Non-executive Director	
Mr. Huang Fuqing *(resigned on 12 August 2024)*	A
Independent Non-executive Directors	
Ms. Liang Yunxu	A
Mr. Wang Huimin	A
Mr. Wong Kwok Yin	A

Notes:

(1) Types of Training:

A: Attending training relevant to the Company's business conducted by lawyers

Board Meetings and Directors' Attendance Record

Notices of not less than fourteen days will be given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for regular Board meetings. For other Board meetings, reasonable notice will generally be given. All Board committee meetings require a notice of at least fourteen days to be given, unless such notification is waived by all members of the respective Board committees. The agenda and accompanying Board papers are dispatched to the Directors or Board committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and be adequately prepared for the meetings. When Directors or Board committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting.

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

Code provision C.5.1 of the CG Code stipulates that the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. During the year ended 31 December 2023, ten Board meetings were held. The Chairman of the Board also held a meeting with the independent non-executive Directors without the presence of other Directors during the year ended 31 December 2023.

The attendance record of each Director at the Board and Board Committee meetings and general meetings of the Company held during the year ended 31 December 2023 is set out in the table below:

Name of Director	Attendance/Number of Meetings				
	Board	Audit Committee	Remuneration Committee	Nomination Committee	General Meeting[5]
Mr. Zhu Hongge[1]	10/10	N/A	N/A	0/0[2]	–
Mr. Bao Guojun[2]	10/10	N/A	N/A	N/A	–
Mr. Pang Bo	10/10	N/A	1/1	N/A	–
Mr. Huang Fuqing	1/10	N/A	N/A	N/A	–
Ms. Liang Yunxu[3]	10/10	2/2	1/1	0/0[2]	–
Mr. Wang Huimin	10/10	2/2	1/1	N/A	–
Mr. Wong Kwok Yin[4]	10/10	2/2	N/A	0/0[2]	–

Notes:

(1) Then Chairman of the Board and Chairman of Nomination Committee.

(2) During the year ended 31 December 2022, no Nomination Committee meeting was held while the Nomination Committee dealt with matters by way of circulation.

(3) Chairman of Remuneration Committee.

(4) Chairman of Audit Committee.

(5) No general meeting was held during the year ended 31 December 2023.

None of the meetings set out above was attended by any alternate Director.

BOARD INDEPENDENCE

The Company has established mechanisms to ensure independent views and input are available to the Board and such mechanisms will be reviewed annually by the Board. The mechanisms include (i) all Directors are entitled to retain independent professional advisors as and when it is required, (ii) all Directors are encouraged to express their views in an open and candid manner during the Board meetings, (iii) the Chairman of the Board will meet with the Independent Non-executive Directors at least annually without the presence of the Executive Directors, (iv) no equity-based remuneration with performance related elements will be granted to Independent Non-executive Directors, (v) all Independent Non-executive Directors are required to submit a written confirmation to the Company annually to confirm their independence; (vi) each Independent Non-executive Director will be assessed his/her independence before appointment and the continued independence of the long-serving Independent Non-executive Director on an annual basis; and (vii) at least one-third of the Board are Independent Non-executive Directors.

BOARD COMMITTEES

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

The majority of the members of each Board committee are independent non-executive Directors and the list of the chairman and members of each Board committee is set out under "Corporate Information" on page 2 of this annual report.

Audit Committee

During the year ended 31 December 2023, the Audit Committee consists of three members, namely, Mr. Wong Kwok Yin, Ms. Liang Yunxu and Mr. Wang Huimin, all of whom are the independent non-executive Directors. Mr. Wong Kwok Yin is the chairman of the Audit Committee and the independent non-executive Director with the appropriate professional qualifications.

The primary duties of the Audit Committee include, but not limited to (i) review and monitor the financial reporting process, risk management and internal control system, and internal audit functions of the Company; (ii) provide advice and comments to the Board; and (iii) perform other duties and responsibilities as may be assigned by the Board.

During the year ended 31 December 2023, two Audit Committee meetings were held to review the interim and annual financial results and report, major internal audit issues, re-appointment of external auditors, relevant scope of works and the effectiveness of the risk management and internal control systems of the Group.

The Audit Committee also met the external auditors twice without the presence of the executive Directors. There is no disagreement between the Board and the Audit Committee regarding the re-appointment of the external auditor.

Remuneration Committee

During the year ended 31 December 2023, the Remuneration Committee consists of three members, namely, Ms. Liang Yunxu and Mr. Wang Huimin, the independent non-executive Directors, and Mr. Pang Bo, the executive Director. Ms. Liang Yunxu is the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee include, but not limited to (i) establishing, reviewing and providing advices to the Board on the policy and structure concerning remuneration of the 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 Director and senior management; (iii) reviewing and approving the management's remuneration proposals by reference to corporate goals and objectives resolved by the Directors from time to time; and (iv) to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

During the year ended 31 December 2023, one Remuneration Committee meetings were held to review the remuneration packages of Directors.

Nomination Committee

During the year ended 31 December 2023, the Nomination Committee consists of three members, namely Mr. Zhu Hongge, the executive Director, Mr. Wong Kwok Yin and Ms. Liang Yunxu, the independent non-executive Directors. Mr. Zhu Hongge is the chairman of the Nomination Committee.

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

During the year ended 31 December 2023, no Nomination Committee meeting was held while the Nomination Committee dealt with matters by way of circulation to review structure, size and composition of the Board, identify and select suitable candidates for directorships, assess the independence of the independent non-executive Directors, and review the policy on Board diversity.

Board Diversity Policy

The Company recognises the benefits of having a diversified Board. The Company has adopted a board diversity policy with the aim of achieving an appropriate level of diversity among Board members according to the circumstances of the Group from time to time. In summary, the board diversity policy sets out that when considering the nomination and appointment of a Director, with the assistance of the Nomination Committee, the Board would consider a range of diversity of perspectives, including but not limited to the skills, knowledge, professional experience and qualifications, cultural and educational background, age, gender and the potential contributions that the candidate is expected to bring to the Board, in order to better serve the needs and development of the Company. All Board appointments will be based on merits and candidates will be considered against objective criteria, having due regard to the benefits of diversity to the Board.

The Nomination Committee is responsible for reviewing the board diversity policy from time to time to ensure its continued effectiveness. At present, the Nomination Committee considered that the Board is sufficiently diverse, and the Board has not set any measurable objectives.

As at 31 December 2023, the Board comprised seven Directors, consisting of six male directors and one female director, which is characterised by diversity in terms of gender, age, cultural and educational background, professional experience and skills. The Nomination Committee was of the opinion that the Board consisted of members with diversified gender, age, cultural and education background, professional experience and skills and that it has achieved gender diversity by having Board members of both gender and the Company will endeavor to continue to maintain at least one female member on the Board. The Board places emphasis on diversity (including gender diversity) across all levels of the Group. As at 31 December 2023, approximately 55.2% of the full time employees are male and approximately 44.8% are female. The Board considers that gender diversity in the workforce (including senior management) is currently achieved.

REMUNERATION OF SENIOR MANAGEMENT

Pursuant to code provision E.1.5 of the CG Code, the remuneration of the members of the senior management by band for the year ended 31 December 2023 is set out below:

Remuneration Band (RMB)	Number of Person
300,000 – 650,000	4

CORPORATE GOVERNANCE FUNCTIONS

The Board, with the assistance from the Audit Committee, is responsible for performing the functions set out in the code provision A.2.1 of the CG Code, including:

– developing and reviewing the Company's corporate governance policies and practices;

– reviewing and monitoring training and continuous professional development of Directors and senior management;

– reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

– developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and directors; and

– reviewing the Company's compliance with the CG Code and the disclosure in this corporate governance report.

For the year ended 31 December 2023, the Board has performed the above duties.

DIRECTOR NOMINATION CRITERIA AND PROCEDURES

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

In identifying and selecting suitable candidates for directorships, the Nomination Committee would assess the candidates on criteria such as qualifications, skills, knowledge, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity. The recommendations of the Nomination Committee will then be put to the Board for decision.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Company is exposed to various risks during its operations. The Company has established risk management and internal control systems with relevant policies, procedures and programs to provide reasonable assurance for achieving objectives such as effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations.

The Company's risk assessment is mainly carried out through five basic procedures, including the establishment of risk management concepts and risk acceptance, target setting, risk identification, risk analysis and risk countermeasures. The Company will weigh risks and benefits based on the results of risk analysis, combined with the causes and tolerance of risks, and choose risk response plans: avoiding risks, accepting risks, reducing risks or sharing risks. The Company will prepare risk management plans targeting various risks or each category of material risks, according to the risk response strategies. The plan generally includes the specific objectives of risk resolution, the required organisational leadership, the management and business processes involved, the required conditions and means and other resources, the specific response measures to be taken before, during and after the risk event, and risk management tools.

The Company's branches are the first line of defense for risk management, which are the executive agencies of risk management operations, responsible for the construction, implementation and maintenance of the risk management system, and strictly carry out corresponding work in accordance with the requirements of the Company. The Company's functional management departments and the legal department (risk control function) are the second line of defense for risk management. The internal audit department (risk control function), as the central management department for risk management and internal control, is responsible for formulating risk management strategies and plans, compiling risk management and internal control work plans, organising and promoting the development of risk management and internal control work, preparation of annual risk management report, inspection and evaluation of the development of risk management and internal control of subsidiaries, follow-up of the Company's risk management measures for high-risk businesses and important risks, and timely report to the Company's risk management committee. The Company's internal audit department (internal audit function) is the third line of defense for risk management, which independently supervises, evaluates and audits the Company's operation and management.

The Company has formulated reasonable and effective internal control measures, including:

(1) Establish an authorisation system for internal control positions. For each position involved in internal control, clearly stipulate the authorised objects, conditions, scope and amount of authorisation, and no organisation or individual shall make risky decisions beyond authorisation;

(2) Establish an internal control reporting system. Clearly stipulate the reporter and the receiver, the time, content, frequency, transmission route of the report, the department and personnel responsible for processing the report;

(3) Establish an internal control permitted system. For important matters involved in internal control, clearly stipulate the permitted procedures, conditions, scope and quota, necessary documents, and the departments and personnel authorised to approve and their corresponding responsibilities;

(4) Establish an internal control responsibility system. In accordance with the principle of unification of rights, obligations and responsibilities, clearly stipulate the responsibilities and rewards and punishment systems of relevant departments and business units, positions and personnel;

(5) Establish an internal control audit and inspection system. Combined with the relevant requirements, methods, standards and procedures of internal control, clearly stipulate the object, content, method of audit and inspection, and the department responsible for audit and inspection.

The risk management system and internal control measures are designed to manage rather than eliminate the risk of failing to achieve business objectives (such risks would include, amongst others, material risks relating to environmental, social and governance ("ESG")), and can only provide reasonable but not absolute protection against material misstatements or losses.

The Board is responsible for overseeing and managing the risks associated with the business and the Group's ESG performance, maintaining adequate and effective risk management and internal control systems of the Company on an ongoing basis and reviewing their effectiveness at least annually. The Board, through the Audit Committee, has conducted a review of, and is satisfied with the effectiveness of the risk management and internal control systems of the Company, including the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function. The Board considers that such systems are effective and adequate as a whole.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2023. The senior management of the Company has provided such explanation and information to the Board as necessary to enable the Board to carry out an informed assessment of the financial information and position of the Company in order to put forward such information to the Board for approval.

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

The statement of the independent auditor of the Company about its reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 55 to 61 of this annual report.

AUDITOR'S REMUNERATION

The Company's former independent auditor is Elite Partners CPA Limited, and the current independent auditor is RSM Hong Kong. For the year ended 31 December 2023, the remuneration paid or payable by the Group to independent auditors is set as below:

Service Category	Fees Paid/Payable *RMB' 000*
Current Auditor	
Audit services	2,250
Non-audit services	126
Former Auditor	
Audit services	900
Total	3,276

The above non-audit services include agreed-upon procedure work performed on results announcement and continuing connected transactions.

COMPANY SECRETARY

Mr. Pang Bo, an executive Director of the Company and Ms. Leung Kwan Wai of Tricor Services Limited, an external service provider, were appointed as the joint company secretaries of the Company since 8 October 2021. Mr. Pang is the primary contact person of Ms. Leung.

Each of the joint company secretaries has undertaken no less than 15 hours of relevant professional training during the year ended 31 December 2023 pursuant to Rule 3.29 of the Listing Rules.

WHISTLEBLOWING POLICY

During the year ended 31 December 2023, the Company had not established a whistleblowing policy which deviated from Code Provision D.2.6 of the CG Code. Nevertheless, the Company has established whistleblowing policies in the first half of 2024 which provide employees and the relevant third parties who deal with the Group (e.g. customers, suppliers and other service providers) with guidance and reporting channels on reporting any suspected improprieties in any matters related to the Group directly addressed to the designated person of the Group. All reported matters will be investigated independently and all information received from a whistleblower and its identity will be kept confidential.

ANTI-CORRUPTION POLICY

The Company established an anti-corruption policy which outline the guidelines and standards of conducts in relation to the anti-corruption and anti-bribery, the responsibilities of employees to resist fraud, to help the Group defend against corrupt practices and to report any reasonably suspected case of fraud and corruption or any attempts thereof, through an appropriate reporting channel. The Group would not tolerate all forms of fraud and corruption among all employees and in its business dealing with third parties.

SHAREHOLDER'S RIGHTS

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

Convening an Extraordinary General Meeting ("EGM") and Putting Forward Proposals

Pursuant to Article 58 of the Articles of Association of the Company, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the joint company secretaries of the Company, to require an EGM to be called by the Board for the transaction of any business specified in such requisition, and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward 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.

Contact Details

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

Address: Unit 205, 2/F One Vista Summit, 3 San Hop Lane, Tuen Mun, Hong Kong
(For the attention of the Board of Directors)

Email: jyfw@jy-fw.cn

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

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

Policies Relating to Shareholders

The Company has in place a shareholders' communication policy to ensure that Shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

The Company has adopted a dividend policy on payment of dividends. The Company does not have any pre-determined dividend payout ratio. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the dividend policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the Shareholders' approval.

CONSTITUTIONAL DOCUMENTS

Pursuant to a special resolution of the sole shareholder of the Company passed on 21 October 2020, the amended and restated Memorandum and Articles of Association of the Company were adopted on 21 October 2020 with effect from the Listing Date.

The amended and restated Memorandum and Articles of Association of the Company are available on the Company's website and the Stock Exchange's website.

No change has been made to the Company's Memorandum and Articles of Association during the year ended 31 December 2023.

RSM Hong Kong

29th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay, Hong Kong

T +852 2598 5123
F +852 2598 7230

rsm.global/hongkong/assurance

羅申美會計師事務所

香港銅鑼灣
恩平道28號
利園二期29樓

電話 +852 2598 5123
傳真 +852 2598 7230

rsm.global/hongkong/assurance

To the Shareholders of Jiayuan Services Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

QUALIFIED OPINION

We have audited the consolidated financial statements of Jiayuan Services Holdings Limited (the "**Company**"), and its subsidiaries (the "**Group**") set out on pages 62 to 159, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

The consolidated financial statements for the year ended 31 December 2022, which form the basis for the comparative figures presented in the consolidated financial statements for the year ended 31 December 2023, included a disclaimer of opinion on the consolidated financial performance and consolidated cash flows of the Group, as we were unable to obtain sufficient appropriate audit evidence to ascertain the business rationale, commercial substance, counterparties and disclosure of the Abnormal Transactions; the completeness, accuracy and validity of the underlying documents of the Abnormal Transactions and the classification and presentation of the loss on the Abnormal Transactions of approximately RMB643,819,000 for the year ended 31 December 2022. These issues were stated in the subsection of "Unauthorised deposit and funds transfers" in Note 2.1.2 to the consolidated financial statements. Our opinion on the current period's financial statements is also modified because of the possible effects of the matter on the comparability of the current period's figures and the comparative figures.

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2.1.3 to the consolidated financial statements, which indicates that the Group incurred a net loss of approximately RMB77,394,000 during the year ended 31 December 2023 and, as of that date, the Group had net current liabilities of approximately RMB289,050,000, capital deficiency of approximately RMB111,801,000 and accumulated losses of approximately RMB532,904,000, respectively. These conditions, along with other matters set forth in Note 2.1.3 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

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

The key audit matters we identified are:

1. Impairment assessment of trade receivables

2. Impairment assessment of goodwill

KEY AUDIT MATTERS *(Continued)*

Key Audit Matters	How our audit addressed the Key Audit Matter
Impairment assessment of trade receivables Refer to Note 2.12, Note 3.1.2, Note 4(a) and Note 21(a) to the consolidated financial statements. As at 31 December 2023, the net trade receivables amounted to approximately RMB313,790,000, which accounted for 50% of the total assets of the Group. The management of the Group estimates the amount of lifetime expected credit losses ("ECL") of the trade receivables due from independent third parties based on the provision matrix through the grouping of various debtors that have similar loss patterns and considering the past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information. For trade receivables due from related parties/former related parties, the management of the Group estimates the lifetime ECL by referring to external credit ratings and adjusting these ratings to reflect current and forward-looking information on macroeconomic factors that could affect the ability of the related parties/former related parties to settle the receivables. We identified impairment assessment of trade receivables as a key audit matter due to the involvement of subjective judgement and management estimates in evaluating the ECL of the Group's trade receivables at the end of the reporting period. The ECL on trade receivables as at 31 December 2023 amounted to approximately RMB211,772,000.	Our procedures in relation to this matter included: – Understanding and assessing the management's processes and internal controls for evaluating credit loss provisions for trade receivables, and assess the inherent risk of material misstatement by considering the degree of estimation uncertainty and inherent risk factors; – Reviewing and testing through sampling the appropriateness of the input data and models used by management for calculating credit provisions. This includes evaluating the aging analysis, past loss experience, and macroeconomic factors, as well as the reasonableness of management's grouping of trade receivables based on shared credit risk characteristics for the assessment of ECL provisions; – Independently assessing the credit status of trade receivables due from related parties/former related parties for more in-depth analysis and compare it with management's assessments; – Evaluating the differences between management's historical estimates and actual results for credit loss provisions, and analyses the reasons for any significant differences; – With the assistance of the auditor's valuation experts, challenge management's benchmarks and judgments used in determining credit loss provisions for trade receivables, including: • Estimating and assessing loss rates for related parties/former related parties; • The basis of estimated loss rates applicable to different categories within the provision matrix. – Considering external market and industry changes that might affect the recoverability of trade receivables, and evaluate whether management has adequately considered the impact of these changes on credit loss provisions; – Comparing new information or subsequent events during the audit period to assess their impact on the receivables valuation, to determine if additional provisions are necessary; and – Evaluating the reasonableness of forward-looking adjustments made to reflect current and forecasted economic conditions based on publicly available information.

KEY AUDIT MATTERS *(Continued)*

Key Audit Matters	How our audit addressed the Key Audit Matter
Impairment assessment of goodwill Refer to Note 2.10, Note 4(b) and Note 18 to the consolidated financial statements. As at 31 December 2023, included in the Group's intangible assets was goodwill with the carrying amount of approximately RMB92,205,000 arising from the acquisitions of property management companies, which accounted for 15% of the total assets of the Group. Management is required to undertake goodwill impairment review at least annually or whenever there is impairment indicator. The recoverable amount of cash-generating unit ("CGU") to which the goodwill is allocated is based on the value in use of the CGU. Management has engaged an independent external valuer to assist in determining the value in use of the CGU. The impairment assessment is a judgemental process, requiring estimates in respect of the forecast future cash flows associated with the CGU, including the growth rate for revenue, gross profit margins, and the discount rate. Management has concluded that there is no impairment in respect of the goodwill allocated to the CGU for the year ended 31 December 2023 as the CGU's recoverable amounts exceeded its carrying amounts.	Our procedures in relation to this matter included: – Understanding and assessing the accounting policies, processes, and internal controls related to the impairment assessment of goodwill; – Understanding of the business, evaluate the reasonableness of management's allocation of goodwill to each CGU; – Assessing the method used by management to determine the recoverable amounts of the CGU during the impairment assessment; – On a sampling basis, checking the accuracy and relevance of input data and evidence, such as approved budgets, and compare these budgets with past performance and market data to assess the reasonableness of the forecasts; – Evaluating the appropriateness of the cash flow forecasts used in calculating the recoverable amounts of the CGU, and challenge the reasonableness of management's assumptions (such as future revenue growth rates, gross profit margins, terminal growth rates, and discount rates) based on our knowledge of the relevant business and industry; – Assessing the qualifications and independence of the external valuer; – Collaborating with the auditor's valuation experts to review the appropriateness of the valuation approach and methodology, the accuracy of the calculations in the valuation model, and the reasonableness of the components comprising the discount rate compared to market data; and – Assessing the adequacy of related disclosures in the consolidated financial statements.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee assists the directors 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. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

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

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

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

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

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

- 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, 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 Wong Tak Man, Stephen.

RSM Hong Kong
Certified Public Accountants

4 December 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2023	2022
	Note	*RMB'000*	*RMB'000*
Revenue	6	868,211	944,793
Cost of services and sales		(626,136)	(664,853)
Gross profit		242,075	279,940
Other income and expenses, net	8	4,650	13,398
Other gains and losses, net	9	5,183	37,327
Impairment losses on financial assets	3.1.2	(100,035)	(186,423)
Impairment losses on goodwill	18	–	(14,557)
Loss on the Abnormal Transactions	2.1.2	–	(643,819)
Loss on unauthorised Pledged Shares	2.1.2	(11,833)	(37,482)
Loss on unauthorised guarantee	2.1.2	(123,000)	–
Selling and marketing expenses		(7,582)	(11,263)
Administrative expenses		(64,746)	(81,902)
Finance costs	13	(1,682)	(2,299)
Share of results of an associate	19	20	541
Loss before taxation		(56,950)	(646,539)
Income tax expense	14	(20,444)	(14,012)
Loss and total comprehensive expense for the year	10	(77,394)	(660,551)
Loss and total comprehensive expense for the year attributable to:			
– Owners of the Company		(80,914)	(664,336)
– Non-controlling interests		3,520	3,785
		(77,394)	(660,551)
Loss per share attributable to owners of the Company (expressed in RMB per share)			
– Basic and diluted	15	(0.13)	(1.09)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2023	2022
	Note	*RMB'000*	*RMB'000*
ASSETS			
Non-current assets			
Property and equipment	17	25,782	26,607
Right-of-use assets		–	79
Intangible assets	18	120,816	130,372
Interest in an associate	19	1,508	1,488
Deferred income tax assets	28	48,935	53,335
		197,041	211,881
Current assets			
Inventories		571	538
Trade and other receivables	21	377,920	365,401
Restricted bank deposits	22	3,241	1,374
Cash and cash equivalents	22	48,041	22,722
		429,773	390,035
Total assets		626,814	601,916
EQUITY			
Deficit in equity attributable to owners of the Company			
Share capital	23	5,225	5,225
Reserves	24	(143,840)	(62,983)
		(138,615)	(57,758)
Non-controlling interests		26,814	23,639
Total deficit in equity		(111,801)	(34,119)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2023	2022
	Note	*RMB'000*	*RMB'000*
LIABILITIES			
Non-current liabilities			
Bank borrowings	26	**18,558**	29,860
Deferred income tax liabilities	28	**1,234**	1,843
		19,792	31,703
Current liabilities			
Contract liabilities	7	**130,962**	116,183
Bank borrowings	26	**11,338**	11,362
Lease liabilities		**–**	50
Provisions	27	**172,315**	37,482
Trade and other payables	25	**361,045**	399,900
Current income tax liabilities		**43,163**	39,355
		718,823	604,332
Total liabilities		**738,615**	636,035
Total equity and liabilities		**626,814**	601,916

The consolidated financial statements on pages 62 to 159 were approved and authorised for issue by the Board of Directors on 4 December 2024 and were signed on its behalf.

Bao Guojun	**Pang Bo**
Director	*Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company				
	Share capital *RMB'000* (Note 23)	Reserves *RMB'000* (Note 24)	Total *RMB'000*	Non-controlling interests *RMB'000*	Total deficit in equity *RMB'000*
Balance at 1 January 2023	5,225	(62,983)	(57,758)	23,639	(34,119)
Total comprehensive (expense)/ income:					
(Loss)/profit for the year	–	(80,914)	(80,914)	3,520	(77,394)
Transactions with owners in their capacity as owners:					
Repurchase of shares of a subsidiary from non-controlling interests	–	57	57	(345)	(288)
Balance at 31 December 2023	5,225	(143,840)	(138,615)	26,814	(111,801)
Balance at 1 January 2022	5,225	601,353	606,578	20,798	627,376
Total comprehensive (expense)/ income:					
(Loss)/profit for the year	–	(664,336)	(664,336)	3,785	(660,551)
Transactions with owners in their capacity as owners:					
Dividends paid	–	–	–	(944)	(944)
Balance at 31 December 2022	5,225	(62,983)	(57,758)	23,639	(34,119)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2023 RMB'000	2022 RMB'000
Cash flows from operating activities			
Cash generated from operations	29(a)	61,756	76,639
Income tax paid		(12,845)	(24,308)
Net cash generated from operating activities		48,911	52,331
Cash flows from investing activities			
Purchases of property and equipment	17	(10,300)	(8,273)
Proceeds from disposal of an associate	29(e)	–	4,401
Disposal of a subsidiary	29(d)	(441)	(10)
Settlement of contingent consideration payable	3.3.2	–	(1,760)
Proceeds from disposals of property and equipment	29(b)	258	1,318
Withdrawal of short-term bank deposits		–	280,000
Advance to related entities, net	2.1.2	–	(643,819)
Interest received		237	3,117
Net cash used in investing activities		(10,246)	(365,026)
Cash flows from financing activities			
Payments on leases	29(c)	(51)	(1,829)
Interests paid on bank borrowings		(1,705)	(2,293)
Repayment of bank borrowings		(11,302)	(11,302)
Repurchase of shares of a subsidiary from non-controlling interests		(288)	–
Dividends paid to non-controlling interests		–	(944)
Net cash used in financing activities		(13,346)	(16,368)
Net increase/(decrease) in cash and cash equivalents		25,319	(329,063)
Cash and cash equivalents at beginning of the year		22,722	351,785
Cash and cash equivalents at end of the year	22	48,041	22,722

1 GENERAL INFORMATION AND REORGANISATION

Jiayuan Services Holdings Limited (the "Company") was incorporated in the Cayman Islands on 5 March 2020 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is at the office of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. On 9 December 2020, the Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") by way of initial public offering. The trading in the shares of the Company has been suspended since 3 April 2023. Further details are set out in Note 2.1.1 to the consolidated financial statements.

The Company is an investment holding company. The Company and its subsidiaries (the "Group") are principally engaged in the provision of property management services, value-added services to property developers and community value-added services in the People's Republic of China (the "PRC"). The principal activities of its subsidiaries are set out in Note 34 to the consolidated financial statements.

In the opinion of the directors of the Company (the "Board"), up until 6 September 2023, Chuangyuan Holdings Limited ("Chuangyuan Holdings"), a company incorporated in the British Virgin Islands ("BVI") with limited liability, was the controlling shareholder of the Company. The intermediate holding company of the Company was Jiayuan International Group Limited ("Jiayuan International"), an exempted company incorporated in the Cayman Islands with limited liability and its shares were listed on the Stock Exchange until they were delisted on 29 October 2024. The ultimate holding company was Galaxy Emperor Limited, a company incorporated in the BVI with limited liability, ultimately controlled by Mr. Shum Tin Ching ("Mr. Shum").

As set out in the announcement of the Company dated 11 September 2023, on 7 September 2023, the Board, was informed that in November 2022, Chuangyuan Holdings (as the borrower and chargor) being the then controlling shareholder of the Company, by way of a security deed, charged 450,000,000 shares of the Company held by Chuangyuan Holdings (represented approximately 73.56% of the total issued shares of the Company at the date of the announcement, referred to as the ("Charged Securities")), in favour of Valuable Capital Limited ("VCL"), a limited company incorporated in Hong Kong and a licensed corporation under the Securities and Futures Commission of Hong Kong (as lender and chargee), to secure all the present and future outstanding liabilities to VCL under certain finance documents. Chuangyuan Holdings, which had securities trading accounts with VCL and had borrowed funds or obtained margin financing from VCL, defaulted on its repayments to VCL on or about 9 May 2023. Consequently, Mr. Lai Wing Lun and Mr. Osman Mohammed Arab were appointed as joint and several receivers and managers (the "Receivers") of the Charged Securities by a deed of appointment dated 6 September 2023.

1 GENERAL INFORMATION AND REORGANISATION *(Continued)*

On 5 September 2024, the Receivers and VCL entered into a sale and purchase agreement (the "SPA"), pursuant to which the Receivers agreed to sell, and VCL agreed to acquire, the Charged Securities, subject to the terms and conditions of the SPA. The completion of the SPA occurred on 5 September 2024.

VCL and Linkto Tech Limited, a limited company incorporated in Hong Kong, along with any parties acting in concert with them, are interested, as beneficial owners, in the Charged Securities. Valuable Capital Group Ltd, a limited liability company incorporated in the Cayman Islands, is the ultimate holding company of the Company. Madam Gao Yuanlan is the sole director and sole shareholder of Linkto Tech Limited.

These consolidated financial statements for the year ended 31 December 2023 are presented in Renminbi ("RMB"), unless otherwise stated.

2 MATERIAL ACCOUNTING POLICIES INFORMATION

This note provides a list of the significant accounting policies adopted in the preparation of the consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

The principal accounting policies applied in the preparation of the consolidated financial statements are in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as set out below. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The consolidated financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance (Cap.622). The consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. contingent consideration payable that are measured at fair value).

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgments in the process of applying the Group's accounting policies. The areas involving a higher degree of judgments or complexity, or areas where estimates are significant to the consolidated financial statements are disclosed in Note 4.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.1 Suspension of trading, resumption guidance and resumption progress

As described in detail in the announcement dated 7 March 2023, the Group's former auditor, PricewaterhouseCoopers, resigned effective on 6 March 2023. The Board has appointed Elite Partners CPA Limited (the "Preceding Auditor") to fill the causal vacancy and additional time was needed to carry out the annual audit for the year ended 31 December 2022. Accordingly, trading of the Company's shares was suspended effective 3 April 2023 due to the delay in publishing the 2022 annual results beyond the mandatory deadline of 31 March 2023.

On 28 June 2023, the Company was notified by the Stock Exchange of the initial resumption guidance (the "Initial Resumption Guidance"), requesting the Company to:

(i) publish all outstanding financial results required under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and address any audit modification;

(ii) demonstrate the Company's compliance with Rule 13.24 of the Listing Rules; and

(iii) announce all material information for the shareholders and investors to appraise the Company's position.

During the continuation of the audit process for the year ended 31 December 2022, the Company further discovered that there has been a number of abnormal payments and receipts recorded between the Group and certain entities (the "Abnormal Transactions") that required further investigation. Therefore, as announced on 12 January 2024, the Company's audit committee (the "Audit Committee") decided to engage Grant Thornton Advisory Services Limited as an independent investigation agency (the "Independent Investigation Agency") to conduct an investigation into the Abnormal Transactions (the "Independent Investigation") and to compile a report (the "Independent Investigation Report") for the Audit Committee, the Board and the Preceding Auditor.

On 25 January 2024, Zhonghui Anda Risk Services Limited was appointed as the independent internal control consultant (the "Independent Internal Control Consultant") to conduct independent review on the Group's internal control system, policies and procedures (the "Independent Internal Control Review"). The review aimed to deliver key findings, recommendations and assess the implementation status of the remedial actions taken in response to these recommendations. The results would be used for the evaluation and assessment by the Board and the Audit Committee.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.1 Suspension of trading, resumption guidance and resumption progress (Continued)

On 14 February 2024, the Company was notified by the Stock Exchange of the additional resumption guidance (the "Additional Resumption Guidance"), requesting the Company to:

(i) conduct an appropriate independent investigation into the Abnormal Transactions, announce the findings and take remedial actions; and

(ii) conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet its obligations under the Listing Rules.

On 13 May 2024, the Company was notified by the Stock Exchange of the further additional resumption guidance (the "Further Additional Resumption Guidance"), requesting the Company to:

(i) demonstrate that there is no reasonable regulatory concern about the integrity, competence and/or character of the Group's management and/or any persons with substantial influence over the Company's management and operations, which may pose a risk to investors and damage market confidence.

For details of the Initial Resumption Guidance, Additional Resumption Guidance and Further Additional Resumption Guidance (collectively referred as the "Resumption Guidance"), please refer to the announcements made by the Company dated 30 June 2023, 22 February 2024 and 17 May 2024, respectively.

The Stock Exchange required the Company to remedy the issues causing its trading suspension and fully comply with the Listing Rules to the Stock Exchange's satisfaction before trading in its securities is allowed to resume and, for this purpose, the Company has the primary responsibility to devise its action plan for resumption. The Stock Exchange also indicated that it may modify or supplement the Resumption Guidance if the Company's situation changes. Under Rule 6.01A(1) of the Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company, the 18-month period expires on 2 October 2024. If the Company fails to remedy the issue causing its trading suspension, fulfill the Resumption Guidance and fully comply with the Listing Rules to the Stock Exchange's satisfaction and resume trading in its shares by 2 October 2024, the Listing Division of the Stock Exchange will recommend the Listing Committee of the Stock Exchange to proceed with the cancellation of the Company's listing. Under Rules 6.01 and 6.10 of the Listing Rules, the Stock Exchange also has the right to impose a shorter specific remedial period, where appropriate.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.1 Suspension of trading, resumption guidance and resumption progress (Continued)

The Company has taking appropriate steps to remedy the issues causing the trading suspension and to fully comply with the Listing Rules to the satisfaction of Stock Exchange before trading in the shares is allowed to resume. On 25 September 2024, the Company submitted a resumption proposal to the Listing Division of the Stock Exchange to address the Resumption Guidance, aiming to demonstrate that during the period from the suspension of trading in the shares of the Company up to the date of the submission, save for the publication of the outstanding financial results, the Company was able to fulfill the conditions set out in the Resumption Guidance and complete a number of initiatives to resume trading.

Furthermore, the Company submitted an application to the Stock Exchange on 25 September 2024 for an extension of the remedial period up to and inclusive of 31 December 2024 for the Company to fulfil the conditions set out in the Resumption Guidance, particularly, to complete the audits in respect of the 2022 annual results and 2023 annual results.

On 1 November 2024, the Company received a letter from the Stock Exchange stating that after considering the Company's case, the Listing Committee of the Stock Exchange decided to extend the Remedial Period to 31 December 2024.

Please refer to the announcements of the Company dated 2 October 2024 and 1 November 2024 for details of the resumption plan and progress.

The Company will keep its shareholders and public informed of the developments in this regard by making further announcements as and when appropriate.

2.1.2 Independent Investigation and Independent Internal Control Review

The Independent Investigation Agency and the Independent Internal Control Consultant issued the Independent Investigation Report and the Independent Internal Control Review Report on 19 September 2024. Key findings from both reports, along with the view of the Board and Audit Committee and remedial actions taken by the Board, were published by the Company on 25 September 2024.

The Independent Investigation had certain limitations in respect of the nature and extent of the procedures conducted, mainly arising from limitations in the available information and responses from the individuals involved. During the course of the preparation of the consolidated financial statements of the Group for the years ended 31 December 2023 and 2022, the Board took into account the following findings of the Independent Investigation and the Independent Internal Control Review, considered the relevant information and supporting evidence available and used their best effort to estimate the relevant financial impact of the matters identified in the Independent Investigation and the Independent Internal Control Review.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.2 Independent Investigation and Independent Internal Control Review (Continued)

Unauthorised deposit and fund transfers

As detailed in the announcement of the Company dated 25 September 2024, in relation to the summary of the key findings of the Independent Investigation, the Audit Committee and the Board concluded that the occurrence of the Abnormal Transactions resulted from the wrongdoings by China Jiayuan Group Limited ("China Jiayuan"), a company then indirectly held approximately 74.09% of the issued Shares of the Company and ultimately controlled by Mr. Shum. These transactions were not properly authorised and had bypassed the then corporate governance and internal control of the Group. The Abnormal Transactions were effected by unauthorised and undisclosed deposit and fund transfers without the permission or authorisation of the Board and senior management of the Company. The former management of certain subsidiaries of the Group directly executed instructions from China Jiayuan, without any written records and justifications.

The Abnormal Transactions included both offshore and onshore transactions.

The Offshore Transactions

Based on the Independent Investigation, the Company entered into a consultancy agreement on 1 January 2021 with Evergain Zhiyuan International Trading Limited ("Evergain"), a company incorporated in Hong Kong, which was extended through 31 December 2025. Evergain was tasked with advising on and managing acquisition deposits for potential mergers and acquisitions on behalf of the Company. Despite these arrangement and payments, no successful acquisitions materialised, and the Company demanded a refund from Evergain in September 2023. It was only in November 2023, after making inquiries with China Jiayuan and subsequently being notified by Evergain, that the Company became aware of the whereabouts of approximately HKD178,000,000 (equivalent to RMB159,007,000). These deposits had been directed by China Jiayuan to be refunded and transferred from Evergain to Mingyuan Group Investment Limited (明源集團投資有限公司) ("Mingyuan Group"), a company incorporated in the BVI with limited liability, which was the then intermediate holding company of the Company and was ultimately controlled by Mr. Shum, without the permission or authorisation of the Board and senior management of the Company in September 2022.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.2 Independent Investigation and Independent Internal Control Review (Continued)

Unauthorised deposit and fund transfers (Continued)

The Onshore Transactions

The Independent Investigation Agency identified that during 2021 and 2022, there were multiple fund inflows and outflows involving the Group and various onshore entities, including independent third parties and related parties of the Company. The former management of certain subsidiaries of the Group, acted upon instructions from China Jiayuan without the permission or authorisation of the Board and senior management of the Company, arranging for unauthorised and undisclosed funds to be transferred to, or received from, these onshore entities. These fund inflows and outflows transactions were for the settlement of debts or payables of entities such as Shanghai Xiangyuan Real Estate Development Co., Ltd. (上海祥源房地產開發有限公司) ("Shanghai Xiangyuan"), Zhejiang Jiayuan Shencheng Real Estate Group Co., Ltd. (浙江佳源申城房地產集團有限公司) ("Zhejiang Shencheng"), and Nanjing Jiafeng Consultancy Management Co., Ltd. (南京嘉豐諮詢管理有限公司) ("Nanjing Jiafeng"), all limited liability companies established in the PRC, and ultimately controlled by Mr. Shum, the then ultimate controlling party of the Company.

Due to these deficiencies in corporate governance and internal controls, particularly the inadequate mechanisms for handling of payment instructions directed by China Jiayuan, the former management of certain subsidiaries of the Group executed these instructions directly without any written records and justifications. The Company was unable to locate the complete corroborating documents to substantiate the reasons for and the commercial substance of the unauthorised deposit and fund transfer. Consequently, the Audit Committee and the Board were unable to opine on whether these transactions were conducted on normal commercial terms after arm's length negotiation, nor could they deem them fair and reasonable, or in the best interests of the Company and its Shareholders.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.2 Independent Investigation and Independent Internal Control Review (Continued)

Unauthorised deposit and fund transfers (Continued)

A summary of the Abnormal Transactions is set out below:

	Year ended 31 December		
	2023	2022	2021
	RMB'000	*RMB'000*	*RMB'000*
Deposits transfer and fund outflows from the Group			
– offshore transactions	**–**	159,007	–
– onshore transactions	**–**	949,975	885,975
	–	1,108,982	885,975
Fund inflows to the Group			
– onshore transactions	**–**	465,163	885,975
	–	465,163	885,975

	As at 31 December		
	2023	2022	2021
	RMB'000	*RMB'000*	*RMB'000*
Net outflows due from			
– Mingyuan Group	**159,007**	159,007	–
– Shanghai Xiangyuan	**191,540**	191,540	–
– Zhejiang Shencheng	**158,272**	158,272	–
– Nanjing Jiafeng	**135,000**	135,000	–
Total net outflows	**643,819**	643,819	–

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.2 Independent Investigation and Independent Internal Control Review (Continued)

Unauthorised deposit and fund transfers (Continued)

Financial impact of the Abnormal Transactions

During the year ended 31 December 2022, the unauthorised deposits transfer under the offshore transactions amounted to approximately RMB159,007,000 and unauthorised fund inflows and outflows under the onshore transactions amounted to approximately RMB465,163,000 and RMB949,975,000 (2021: RMB885,975,000 and RMB885,975,000), respectively. In the opinion of the Audit Committee and the Board, the unauthorised fund transfers identified during the year ended 31 December 2021 did not lead to net fund outflows, thus having no financial impact on the consolidated financial statements of the Group for the year.

As a consequence of the above unauthorised deposit and fund transfers, as at 31 December 2022, the Group recorded total net outflows of approximately RMB643,819,000 as amounts due from related parties in respect of the Abnormal Transactions and have been included in other receivables as set out in Note 21(b) to the consolidated financial statements. Although the Group has continuously demanded refunds from the related parties and taken appropriate legal actions to recover the outstanding amounts, no repayments have been received to date. After taking into account the expected recoverability of the balances, the Group has concluded that it is unlikely to recover the outstanding amounts and hence the Group recognised a loss on the Abnormal Transactions of RMB643,819,000 to fully write down the balances. This loss was recorded separately in an item in the consolidated statement of comprehensive income for the year ended 31 December 2022.

No further loss or recovery of loss on Abnormal Transactions was recognised for the year ended 31 December 2023.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.2 Independent Investigation and Independent Internal Control Review (Continued)

Unauthorised deposit and fund transfers (Continued)

To prevent the recurrence of similar matters in the future, as published in the Company's announcement dated 25 September 2024, the Company has appointed an internal control consultant to review the Group's internal controls and procedures and provide recommendations and remedial measures to the Group to strengthen the existing corporate governance and internal controls, particularly to strengthen its governance and supervision over the financial controls of the Company. The Group is in the process of implementing the recommended remedial measures.

Unauthorised shares pledged

As detailed in the announcement of the Company dated 30 September 2024, during the Independent Internal Control Review, it was identified that in March 2022, the former management of certain subsidiaries of the Group, acted upon instructions from China Jiayuan without the permission or authorisation of the Board and senior management of the Company, entered into an unauthorised and undisclosed share pledge agreement. Under this agreement, Zhejiang Heyuan Property Services Co., Ltd. (浙江禾源物業服務有限公司) ("Zhejiang Heyuan"), an indirect wholly-owned PRC subsidiary of the Company, agreed to pledge its equity interest in Zhejiang Jiayuan Property Services Group Co., Ltd. (浙江佳源物業服務集團有限公司), ("Zhejiang Jiayuan Services") currently known as Zhejiang Zhixiang Dacheng Property Services Group Co., Ltd (浙江智想大成物業服務集團有限公司) ("Zhejiang Zhixiang Dacheng"), also an indirect wholly-owned PRC subsidiary of the Company, and all underlying interest thereof (the "Pledged Shares"). The pledge was to secure the repayment obligation of Mr. Shum, as borrower, in respect of a personal loan of RMB80,000,000 from an external lender. The loan was interest-bearing at 18% per annum, repayable on 31 May 2022 and was further secured by properties held by two related parties under Mr. Shum's control, with joint and several guarantee obligations provided by one of the related parties.

Following Mr. Shum's failure to repay, the lender initiated legal proceedings against Mr. Shum as the borrower and a guarantor party in July 2022. In September 2022, a civil mediation paper was issued, affirming the lender's right to enforce repayment of the loan's principal and interest, and to receive preferential rights to proceeds from the auction or sale of pledged properties and the Pledged Shares. In March 2023, the court granted an enforcement order, and execution proceeding resumed in March 2024. Up to the end of November 2024, one of the pledged properties has been auctioned successfully while process on auctioning another pledged property is in progress. There were no further actions taken on the remaining pledged properties and the Pledged Shares as at the date of this report.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.2 Independent Investigation and Independent Internal Control Review (Continued)

Unauthorised shares pledged (Continued)

The extent to which Mr. Shum will be able to repay the lender for the outstanding principal and interests of the loan remains uncertain. Based on legal advice, should the lender exercise their preferential right to be paid off with the proceeds from the auction or sale of the Pledged Shares, the Group, including Zhejiang Heyuan, may participate in the auction or negotiate directly with the lender to settle the debt and secure the release of the Pledged Shares. The Group also reserves the right to challenge the auction process through legal avenues. Should the Pledged Shares eventually be auctioned or sold, the lender is entitled only to an amount equivalent to the unpaid portion of the loan, while Zhejiang Heyuan could claim damages from Mr. Shum for the recovery of any losses incurred.

With the assistance of an independent third-party valuer, the Group recognised a provision of approximately RMB37,482,000 for loss on unauthorised Pledged Shares. The amount represents the Group's best estimate of the probable cash outflow arising from the obligations under the share pledge agreement, taking into account the net realisable value of the pledged properties. It was recorded separately in an item in the consolidated statement of comprehensive income for the year ended 31 December 2022. For the year ended 31 December 2023, an addition provision of approximately RMB11,833,000, was recognised to account for the interest accrued over the period.

The Board is of the view that the Group will be able to recover the Pledged Shares, and that the civil mediation paper does not affect the normal business and operations of the Group.

Unauthorised guarantee

As described in detail in the announcement dated 13 November 2024, on 27 July 2023, two indirectly wholly-owned PRC subsidiaries of the Company, Zhejiang Heyuan and Zhejiang Jiayuan Services (collectively referred to as the "Involved Subsidiaries"), entered into unauthorised guarantee agreements with two independent third parties, as creditors, and the Involved Subsidiaries, as guarantors. These agreements, also involving a related party controlled by Mr. Shum as guarantors, stipulated that the Involved Subsidiaries and the related party would provide joint liability guarantees for all creditors' rights, effective for three years following the obligation fulfillment period. This arrangement was in favour of Chaohu Xutong Business Management Co., Ltd., ("Chaohu Xutong"), a PRC limited liability company under Mr. Shum's control, pursuant to an equity transfer agreement dated 27 July 2023. In this equity transfer agreement, Chaohu Xutong as transferee, agreed to acquire the entire equity interest of a target company from the two independent third parties, as transferors, at a consideration of RMB123,000,000, payable in one lump sum within 60 days from the effective date of the equity transfer agreement.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.2 Independent Investigation and Independent Internal Control Review (Continued)

Unauthorised guarantee (Continued)

Following Chaohu Xutong's failure to fulfill this payment, the creditors initiated arbitration through the Shanghai Arbitration Commission (the "SAC") in December 2023. In April 2024, without proper authorisation, the legal advisers of the Involved Subsidiaries attended the arbitration hearing and entered into a settlement agreement, mandating a combined compensation to the creditors of approximately RMB124,000,000, being the consideration and the arbitration fee, as confirmed by the SAC through an arbitration mediation statement.

The Shanghai No. 2 Intermediate People's Court enforced this settlement on 8 October 2024, freezing certain bank accounts of the Involved Subsidiaries and designating the Involved Subsidiaries as "dishonest persons subject to enforcement," which imposed consumption restrictions on their legal representatives.

The Company became aware of the incident only after the freezing of certain bank accounts of the Involved Subsidiaries. Further investigation revealed unauthorised use of company seals on the guarantee agreements by China Jiayuan on 1 November 2023, which occurred post-agreement.

The Audit Committee and Board concluded that the unauthorised guarantee resulted from China Jiayuan's wrongdoing in bypassing the Group's then existing corporate governance and internal controls, leading to a lack of necessary approvals by the Board. Consequently, the validity of the settlement agreement is under scrutiny due to these procedural irregularities.

Based on the legal advice, the creditors could legally demand payment based on the settlement agreement. Should the Involved Subsidiaries assume all payment obligations, they may seek full recovery from Chaohu Xutong and any excess amount from the related party, which has assumed joint liability for the payment obligations. According to the PRC Civil Code, guarantors share equal liability unless otherwise agreed.

The Group has recognised an expected credit loss of approximately RMB123,000,000, based on the consideration of the equity transfer associated with this unauthorised guarantee. This amount was recorded separately in an item in the consolidated statement of comprehensive income for the year ended 31 December 2023.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.3 Going concern basis

The Group incurred a net loss of approximately RMB77,394,000 during the year ended 31 December 2023, and as of that date, the Group had net current liabilities of approximately RMB289,050,000, capital deficiency of approximately RMB111,801,000 and accumulated losses of approximately RMB532,904,000. Further, as detailed in Note 2.1.2, should the Pledged Shares be auctioned or sold, resulting in the Group losing control over Zhejiang Jiayuan Services and its subsidiaries, these entities will therefore be de-consolidated from the consolidated financial statements of Group in accordance with the requirements of HKFRS 10 Consolidated Financial Statements. These events and conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of its business. Notwithstanding the above, these consolidated financial statements have been prepared on a going concern basis as the directors of the Company have given careful consideration to the impact of the current and anticipated future liquidity of the Group and are satisfied that:

(i) The unconditional financial support from VCL, which has been obtained to procure the necessary finance and support to the Group for a period of not less than twelve months from the date of approval of the consolidated financial statements by the Board;

(ii) The Board have reviewed the Group's cash flow forecast, prepared by management which covers a period of two years from the end of the reporting period and will continue to assess the impact of the recovery from COVID-19 pandemic, as well as any change in government policy, global financial market, the economy, and the business environment on the Group's operations. The Group will adjust its strategies for its property management businesses accordingly to generate sufficient operating cash flows to meet its current and future obligations;

(iii) The contract liabilities of approximately RMB130,962,000 is non-financial liabilities and will be recognised as revenue in the subsequent year;

(iv) The existing banking facilities available for the Group; and

(v) As detailed in Note 2.1.2 and based on legal advice obtained regarding the unauthorised Pledged Shares, the Group possesses the options to participate in the auction or directly negotiate with the lender to settle the outstanding debt and secure the release of the Pledged Shares. Additionally, the Group reserves the right to challenge the auction process through legal avenues. The Board considers the Group will be able to recover the Pledged Shares and it will not result in a loss of control over Zhejiang Jiayuan Services and its subsidiaries.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.3 Going concern basis (Continued)

In addition, to improve the Group's financial position, the directors of the Company are actively exploring different alternatives for equity or other financing.

Having taken into account the above, the directors consider that the Group will have sufficient financial resources to meet in full its working capital requirements and financial obligations as and when they fall due within the next twelve months. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the management will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate operating cash flows in the near future and obtain the continuous financial support from its beneficial owner, at a level sufficient to finance the working capital requirements of the Group.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of the assets to their recoverable amounts, to provide for any further liabilities which might arise and to classify non-current assets and liabilities as current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.4 New and revised standards

(a) Amended standards adopted by the Group

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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

Impact on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies"

The Group has adopted Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies" for the first time in the current year. HKAS 1 "Presentation of Financial Statements" is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information." 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.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 "Making Materiality Judgements" (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in Note 2 to the consolidated financial statements.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.4 New and revised standards (Continued)

(b) Amended standards and interpretations not yet adopted

The below amendments and interpretations to existing standards have been published which may be relevant to the Group's operations but are not yet effective in current year and have not been early adopted by the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1 – Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16 – Lease Liability in a Sales and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ("HK Int 5 (Revised)")	1 January 2024
Amendments to HKAS 7 and HKFRS 7 – Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21 – Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

The Group has already commenced an assessment of the impact of these amendments and interpretations. According to the preliminary assessment made by the directors of the Company, no significant impact on the financial performance and position of the Group is expected when they become effective.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.2 Principles of consolidation and equity accounting

2.2.1 Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 2.3).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

2.2.2 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

2.2.3 Equity method

Under the equity method of accounting, interests in associates are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of associate in profit or loss, and the Group's share of movements in other comprehensive income of associate in other comprehensive income. When the Group's share of losses in associates equals or exceeds its interests in the associates (which includes any long-term interests that, in substance, form part of the Group's net investment in the associates), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.2 Principles of consolidation and equity accounting *(Continued)*

2.2.3 Equity method (Continued)

The Group determines at each reporting date whether there is any objective evidence that the investment in the associates is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and its carrying value and recognises the amount adjacent to 'share of results of investments accounted for the equity method' in consolidated statement of comprehensive income.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.2.4 Changes in ownership interests in subsidiaries and associates

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.3 Business combinations

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

At the acquisition date, the identifiable assets acquired and the liabilities assumed are, with limited exceptions, recognised at their fair value.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in the consolidated statement of comprehensive income as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.4 Separate financial statements

An investment in a subsidiary is accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The result of subsidiary is accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investment in a subsidiary is required upon receiving dividends from this investment if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker ("CODM"), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that make strategic decisions. The Group's customers include property owners, property developers, residents and tenants (collectively "Customers") and they are all located in the PRC. No geographical segment of Customers is disclosed.

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

Foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'Other gains and losses, net'.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.6 Foreign currency translation *(Continued)*

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

2.7 Leases

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

The Group as a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.7 Leases *(Continued)*

The Group as a lessee (Continued)

Payments associated with short-term leases of equipment and vehicles and leases of low value assets are recognised on a straight-line basis as an expense in the consolidated statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group's right-of-use assets consist of various leases for properties. Right-of-use assets resulted from lease payments are stated at cost less accumulated depreciation and accumulated impairment losses. Cost represents consideration paid for the rights to use the properties and other direct related costs from the date when the respective rights were granted. Depreciation of lease payments is calculated on a straight-line basis over the lease terms and is charged to the consolidated statement of comprehensive income.

2.8 Property and equipment

Property and equipment are held for use in the production or supply of goods or services or for administrative purposes. Property and equipment are stated at historical cost less depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.8 Property and equipment *(Continued)*

Depreciation on property and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20 years
Office equipment	3-5 years
Motor vehicles	3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and loss on disposal are determined by comparing the proceeds with the carrying amount and are recognised within "Other gains and losses, net" in the consolidated statement of comprehensive income.

2.9 Intangible assets

(a) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating unit ("CGU") for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.9 Intangible assets *(Continued)*

(b) Property management contracts

Property management contracts acquired in business combinations are recognised at fair value at the acquisition date. The property management contracts have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected useful lives of the contracts. The Group determined the property management contracts to have useful lives of 3-10 years based on the historical renewal pattern.

(c) Software

Acquired software are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 10 years.

2.10 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is the present value of the estimated future cash flows of the assets. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the assets whose impairment is being measured.

For the purposes of assessing impairment, the recoverable amount 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. If this is the case, recoverable amount is determined for the CGU to which the asset belongs.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the CGU.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.11 Financial assets

(i) Classifcation

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and loss will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVTOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.11 Financial assets *(Continued)*

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the consolidated statement of comprehensive income.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the consolidated statement of comprehensive income when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.

- FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the consolidated statement of comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the consolidated statement of comprehensive income and recognised in 'Other gains and loss'. Interest income from these financial assets is included in other income using the effective interest rate method.

- FVTPL: Assets that do not meet the criteria for amortised cost or financial assets at FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in consolidated statement of comprehensive income and presented net in 'Other gains and loss' in the period in which it arises.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.12 Impairment of financial assets

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The Group recognises an allowance for ECL for all debt instruments not held at fair value through profit or loss. ECL are estimated 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.

(a) General approach

ECL are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL 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).

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.

Financial assets at amortised cost under the general approach are classified within the following stages for measurement of ECL.

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 ECL

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 ECL

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 ECL

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.12 Impairment of financial assets *(Continued)*

(b) Simplified approach

For trade receivables 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 ECL. Under the simplified approach, the Group recognises a loss allowance based on lifetime ECL at each reporting date.

2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.14 Inventories

Inventories comprise goods and consumables which are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.15 Trade and other receivables

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

Trade receivables are amounts due from Customers for services provided in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 2.11 for further information about the Group's accounting for trade receivables and other receivables and Notes 2.12 and 3.1.2 for a description of the Group's impairment policies.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.16 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

2.17 Equity instruments

An equity instrument is any contract that evidence a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.18 Financial liabilities

Financial liabilities are recognised in the consolidated statement of financial position when the Group entity becomes a party to the contractual provisions of the instrument, as set out in the accounting policies below.

The Group derecognises financial liabilities when, and only when, the Group's obligation are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.19 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Any contingent consideration payable is measured at fair value at the date of acquisition. It is remeasured at fair value at each reporting date and its subsequent change in the fair value is recognised in profit or loss.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.20 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.21 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

– the amount determined in accordance with the ECL model under HKFRS 9 and

– the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

For ECL, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

2.22 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses. Current and deferred income tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.22 Current and deferred income tax *(Continued)*

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the end of the reporting period in the jurisdictions where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred income tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the companies are able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities and when the deferred income tax balances relate to the same taxation authority. Current income tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.23 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) Pension obligations

The Group only operate defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the governments.

There was no forfeited contribution utilised to offset employers' contributions for the year ended 31 December 2023, and there was no forfeited contribution available to reduce the contribution payable in the future years as at 31 December 2023.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

(c) Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurances. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.24 Provisions and contingent liabilities

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provisions due to passage of time is recognised as interest expense.

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

2.25 Revenue recognition

The Group provides property management services, value-added services to property developers and community value-added services. Revenue is recognised in the accounting period in which the services are rendered or goods are delivered, and the collectability of related consideration is probable.

When either party to a contract has performed, the Group presents the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the Group's performance and the customer's payment.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the services are provided to the customer, the Group presents the amount as a contract liability when the payment is received or a receivable is recorded (whichever is earlier).

(a) Property management services

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

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.25 Revenue recognition *(Continued)*

(a) Property management services (Continued)

For property management services income from properties managed under lump sum basis, where the Group acts as principal and is primary responsible for providing the property management services to Customers, the Group recognises the fee received or receivable from Customers as its revenue. For property management services income from properties managed under commission basis, the Group recognises the commission, which is calculated by pre-determined percentage of the total property management fee or amounts received or receivable from Customers, as its revenue as an agent for arranging and monitoring the services.

(b) Value-added services to property developers

Value-added services to property developers mainly include consultancy services to property developers and cleaning, greening, repair and maintenance services to property developers at the property pre-delivery stage. The Group agrees the price for each service with the Customers upfront and issue the monthly bill to the Customers which varies based on the actual level of service completed in that month.

(c) Community value-added services

These include home living services, community area services such as catering services and sales of goods (mainly groceries and home appliances) to Customers. For provision of home living services, revenue is recognised when the related services are rendered. Payment of the transaction is due immediately when the community value-added services are rendered. For provision of community area services such as sales of goods and catering, revenue is recognised when the Group has delivered the goods and catering to the Customers.

2.26 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.27 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

2.28 Dividend distribution

Dividend distribution to the shareholders is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the shareholders or directors, where appropriate.

2.29 Borrowing costs

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

2.30 Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

3.1.1 Market risk

(a) Foreign exchange risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities in RMB. Accordingly, the Group is not exposed to significant foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management closely monitors its foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

(b) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances and bank borrowings which carry interest at prevailing market interest rates. Management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises.

The sensitivity analysis below has been determined based on the exposure to interest rates for floating-rate bank borrowings at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the respective reporting period. A 100 basis points (2022: 100 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rate.

No sensitivity analysis is provided on variable-rate bank balances as the management of the Group considers that the interest rate fluctuation on bank balances is minimal and the impact from the exposure to interest rate risk sensitivity is considered insignificant.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.1 Market risk (Continued)

(b) Interest rate risk (Continued)

For the year ended 31 December 2023, if the floating interest rate of bank borrowings had been higher/lower by 100 basis points with all other variables held constant, the loss before taxation would have been approximately RMB300,000 higher/lower (2022: RMB495,000 higher/lower).

3.1.2 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk in relation to its restricted bank deposits, cash and cash equivalents, trade and other receivables and the unauthorised financial guarantee.

The carrying amounts of trade and other receivables, restricted bank deposits and cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets.

Except for the unauthorised financial guarantee given by the Group to the then ultimate controlling party, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of this financial guarantee at the end of the reporting period is disclosed in Note 27(b).

The Group expects that there is no significant credit risk associated with restricted bank deposits and cash and cash equivalents since they are substantially deposited at state-owned banks and other medium or large-sized listed banks with acceptable credit rating. Management does not expect that there will be any significant losses from non-performance by these counterparties.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.2 Credit risk (Continued)

The credit risk of trade and other receivables is managed through an internal process. The Group has policies in place to ensure that services are provided to customers with an appropriate credit history. For trade and other receivables, the Group has large number of Customers and there was no concentration of credit risk. The Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The Group reviews regularly the recoverable amount of each individual receivable to ensure that the adequate impairment losses are made for irrecoverable amounts.

Impairment assessments

The Group formulates the credit losses of restricted bank deposits, cash and cash equivalents, and trade and other receivables using ECL models according to HKFRS 9 requirements.

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

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the Customers' ability to meet its obligations
- actual or expected significant changes in the operating results of individual property developers
- significant changes in the expected performance and behaviour of Customers

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.2 Credit risk (Continued)

Impairment assessments (Continued)

A summary of the assumptions underpinning the Group's internal credit risk grading assessment is as follows:

Internal credit rating	Description of internal credit rating	Trade receivables – Simplified approach	Other financial assets – General approach
Performing	The counterparty has a low risk of default and a strong capacity to meet cash flows	Lifetime ECL – non-credit impaired	12-month ECL; or lifetime ECL where the expected lifetime of the asset is less than 12 months
Underperforming	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – non-credit impaired	Lifetime ECL – non-credit impaired
Non-performing	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit impaired	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the counterparty is in severe financial difficulty and there is no reasonable expectation of recovery	Asset is written off	Asset is written off

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.2 Credit risk (Continued)

Impairment assessments (Continued)

The Group applies the HKFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for trade receivables. The tables below detail the credit risk exposures of the Group's other financial assets at amortised cost, which are subject to ECL assessments.

			Gross carrying amount	
			As at 31 December	
	Internal credit rating	12-month or lifetime ECL	2023	2022
			RMB'000	*RMB'000*
Restricted bank deposits	Performing	12-month ECL	**3,241**	1,374
Cash and cash equivalents	Performing	12-month ECL	**48,041**	22,722
Other receivables	Performing	12-month ECL	**55,995**	43,735
	Non-performing	Lifetime ECL	**16,325**	15,454
			72,320	59,189

(i) Restricted bank deposits and cash and cash equivalents

For restricted bank deposits and cash and cash equivalents, the Group determines the ECL by referring to external credit rating of the related banks. The identified impairment loss was immaterial.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.2 Credit risk (Continued)

Impairment assessments (Continued)

(ii) Trade receivables

For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL.

Gross carrying amounts of trade receivables are categorised below:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Due from independent third parties	373,476	328,186
Due from related parties	1,887	152,973
Due from former related parties	150,199	–
	525,562	481,159

Trade receivables due from independent third parties:

To measure the ECL, trade receivables due from independent third parties have been grouped based on shared credit risk characteristics and days past due and determined by using a provision matrix.

The expected loss rates based on the payment profiles of services over a period of 60 months before the year end date. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of customers to settle the receivables.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.2 Credit risk (Continued)

Impairment assessments (Continued)

(ii) Trade receivables *(Continued)*

The loss allowance provision for the trade receivables due from independent third parties was determined as follows:

	As at 31 December 2023								
The ageing based on invoice date	0-60 days	61-180 days	181-365 days	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Expected loss rate	10.8%	10.8%	10.8%	29.0%	46.0%	68.9%	93.0%	100.0%	
Gross carrying amount *(RMB'000)*	54,133	51,635	39,272	130,700	45,550	46,282	5,799	105	373,476
Loss allowance provision *(RMB'000)*	5,849	5,579	4,243	37,919	20,953	31,902	5,395	105	111,945
Net *(RMB'000)*	48,284	46,056	35,029	92,781	24,597	14,380	404	–	261,531

	As at 31 December 2022								
The ageing based on invoice date	0-60 days	61-180 days	181-365 days	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Expected loss rate	9.9%	9.9%	9.9%	27.0%	45.1%	68.5%	92.5%	100.0%	
Gross carrying amount *(RMB'000)*	84,712	66,174	46,786	68,694	55,992	5,462	14	352	328,186
Loss allowance provision *(RMB'000)*	8,412	6,571	4,646	18,519	25,230	3,741	13	352	67,484
Net *(RMB'000)*	76,300	59,603	42,140	50,175	30,762	1,721	1	–	260,702

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.2 Credit risk (Continued)

Impairment assessments (Continued)

(ii) Trade receivables *(Continued)*

Trade receivables due from related parties/former related parties:

To measure the ECL, trade receivables due from related parties/former related parties have been grouped based on shared credit risk characteristics. The Group determines the ECL by referring to external credit rating and adjusts the rating to reflect current and forward-looking information on macroeconomic factors affecting the ability of these entities to settle the receivables. The trade receivables from related parties/former related parties primarily arise from subsidiaries of Jiayuan International and entities under the control or significant influence of Mr. Shum, typically property developers. For the years ended 31 December 2022 and 2023, these entities were assigned highly speculative credit ratings, indicating a significant risk of default. In light of adverse developments within China's real estate sector, the directors have assessed the likelihood of recovery of these receivables to be low. Accordingly, a substantial portion of these receivables has been impaired in the consolidated financial statements. The ECL on trade receivables due from related parties/former related parties recognised during the year ended 31 December 2023 were approximately RMB4,919,000 (2022: RMB97,913,000).

The movements of impairment loss allowances for trade receivables are as follows:

	Due from independent third parties		Due from related parties/ former related parties		Total	
	2023 *RMB'000*	2022 *RMB'000*	2023 *RMB'000*	2022 *RMB'000*	2023 *RMB'000*	2022 *RMB'000*
At the beginning of the year	67,484	59,292	99,775	1,862	167,259	61,154
Loss allowance recognised	93,998	73,114	4,919	97,913	98,917	171,027
Write-off	(49,537)	(64,922)	(4,867)	–	(54,404)	(64,922)
At the end of the year	111,945	67,484	99,827	99,775	211,772	167,259

As at 31 December 2023, the gross carrying amounts of trade receivables were approximately RMB525,562,000 (2022: RMB481,159,000) and thus the maximum exposure losses were approximately RMB313,790,000 (2022: RMB313,900,000).

Accounts receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and indicators of severe financial difficulty. The amounts of trade receivables written off during the years ended 31 December 2023 and 2022 were approximately RMB54,404,000 and RMB64,922,000, respectively.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.2 Credit risk (Continued)

Impairment assessments (Continued)

(iii) Other receivables

For other receivables, for the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

The Group applies the HKFRS 9 three-stage approach to measuring ECL of other receivables. Impairment on other receivables is measured as 12-month ECL, depending on whether there has been a significant increase in credit risk of a receivable has occurred since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime ECL.

The movements of impairment loss allowances for other receivables are as follows:

	Year ended 31 December	
	2023 *RMB'000*	2022 *RMB'000*
At the beginning of the year	**15,985**	589
Loss allowance recognised	**1,118**	15,396
At the end of the year	**17,103**	15,985

As at 31 December 2023, the gross carrying amounts of other receivables were approximately RMB72,320,000 (2022: RMB59,189,000) and thus the maximum exposure losses were approximately RMB55,217,000 (2022: RMB43,204,000).

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.2 Credit risk (Continued)

Impairment assessments (Continued)

Total impairment losses/(reversal of impairment losses) recognised by the Group comprise:

	Year ended 31 December	
	2023 *RMB'000*	2022 *RMB'000*
For trade receivables due from independent third parties	**98,864**	73,114
For trade receivables due from related parties	**(11)**	97,913
For trade receivables due from former related parties	**64**	–
For other receivables	**1,118**	15,396
	100,035	186,423

3.1.3 Liquidity risk

In preparing the consolidated financial statements, after taking into account of internally generated funds from its operations and obtained continuous financial support from the Company's beneficial owner at a level sufficient to finance the working capital requirements of the Group, the directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next 12 months from the end of the reporting period.

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.3 Liquidity risk (Continued)

The table below analyses the Group's non-derivative financial liabilities into relevant maturity grouping based on the remaining period to the contractual maturity date.

	On demand or less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total undiscounted cash flows	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2023					
Trade and other payables	286,285	–	–	286,285	286,285
Bank borrowings	12,516	12,775	6,721	32,012	29,896
Unauthorised guarantee	123,000	–	–	123,000	123,000
	421,801	12,775	6,721	441,297	439,181

	On demand or less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total undiscounted cash flows	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2022					
Trade and other payables	315,608	–	–	315,608	315,608
Lease liabilities	50	–	–	50	50
Bank borrowings	13,051	12,516	19,496	45,063	41,222
	328,709	12,516	19,496	360,721	356,880

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholder, issue new shares, or request contributions from owners.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total assets. The Group would continue to monitor and reduce its gearing by improving the operating results.

The externally imposed capital requirement for the Group is in order to maintain its listing on the Stock Exchange to have a public float of at least 25% of the shares. Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, the 25% threshold of public float should be complied with throughout the period from the date of listing to the end of the reporting period.

3.3 Fair value estimation

3.3.1 Fair value hierarchy

The table below analyses financial instruments carried or presented at fair value, by level of the inputs to valuation techniques used to measure fair value. The different levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation *(Continued)*

3.3.1 Fair value hierarchy (Continued)

	Fair value measurements	
	Level 3	Total
	RMB'000	*RMB'000*
At 31 December 2023		
Recurring fair value measurements:		
Financial liabilities at FVTPL		
Contingent consideration payable for business combination	649	649

	Fair value measurements	
	Level 3	Total
	RMB'000	RMB'000
At 31 December 2022		
Recurring fair value measurements:		
Financial liabilities at FVTPL		
Contingent consideration payable for business combination	5,395	5,395

3.3.2 Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 instruments for the year ended 31 December 2023:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
At the beginning of the year	5,395	28,839
Settlement	–	(1,760)
Fair value changes (Note 9)	(4,746)	(21,684)
At the end of the year	649	5,395

The fair value changes on consideration payable for business combination are presented in "Other gains and losses, net" in the consolidated statement of comprehensive income.

There were no transfers between levels of the fair value hierarchy during the year.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation *(Continued)*

3.3.3 Valuation inputs and relationships to fair value

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the Board for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board at least twice a year.

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements of financial liabilities at FVTPL:

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value As at 31 December **2023** *RMB'000*	2022 *RMB'000*
Contingent consideration payable	Discounted cash flows	Discount rate	4.2% (2022: 4.3%)	Decrease	649	5,395
		Probability of project completion	5% - 85% (2022: 20% - 95%)	Increase		
		Recovery of acquired receivables	28.0% (2022: 47.2%)	Increase		

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In applying the Group's accounting policies, which are described from Note 2.2 to Note 2.30, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the factors considered by the directors as detailed in Note 2.1.3.

Key sources of 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 discussed below.

(a) ECL on trade receivables

The Group makes allowances on trade receivables based on estimation about risk of default and expected credit loss rates. The Group applied judgments in making the estimation and selecting the assumptions and inputs used in the ECL calculation, based on the Group's customers' settlement history and financial position as well as forward looking information including industry and external macroeconomic data.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade receivables and the related impairment loss allowances in the period in which such estimate is changed. For details of the key assumptions and inputs used, see Note 3.1.2.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(b) Assessment of goodwill impairment

The Group's management assessed the impairment of goodwill by determining the recoverable amounts of the CGU to which goodwill was allocated. Significant judgments and estimates involved in the assessment of goodwill impairment include the adoption of valuation method and the use of key assumptions in the valuation. The recoverable amount of goodwill is estimated annually to evaluate whether or not there is any impairment. An impairment loss is recognised when the recoverable amount has declined below its carrying amount. The details of the key assumptions used are set out in Note 18.

(c) Current and deferred income tax

The Group is subject to corporate income tax in the PRC. Judgment is required in determining the amount of the provision for taxation and the timing of payment of the related taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax expense in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

(d) ECL on unauthorised guarantee

As detailed in Note 2.1.2 in respect of the provision of unauthorised guarantee given by the Group to the then ultimate controlling party, it is uncertain as to how much of Chaohu Xutong and other jointly guarantors will be able to repay two creditors in accordance with the settlement agreement. Based on the legal advice, the Group had recognised a provision of RMB123,000,000 which was the best estimate of the Group on the probable cash outflow of the obligations under the financial guarantee contracts of the settlement agreement for the year ended 31 December 2023. Details are set out in Note 27(b) to the consolidated financial statements.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(e) Useful lives of property management contracts

The Group's management determines the estimated useful lives and related amortisation charges for the Group's property management contracts with reference to the estimated periods that the Group intends to derive future economic benefits from the use of these assets. Management will revise the amortisation charges where useful lives are different to that of previously estimated. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in useful lives and therefore amortisation expense in future periods.

5 SEGMENT INFORMATION

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

The Group is principally engaged in the provision of property management services, value-added services to property developers and community value-added services in the PRC. The CODM reviews the operating results of the business of the Group as one operating segment to make decisions about resources to be allocated. Therefore, the CODM regards that there is only one operating segment which is used to make strategic decisions.

The major operating entities of the Group are domiciled in the PRC and all of the Group's revenue were derived in the PRC during the years ended 31 December 2023 and 2022.

As at 31 December 2023 and 2022, all of the non-current assets were located in the PRC.

6 REVENUE

Revenue mainly represents consideration to which the Group expects to be entitled for the property management services, value-added services to property developers and community value-added services. An analysis of the Group's revenue from contract with customers within the scope of HKFRS 15 by category is as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Types of services		
Property management services	762,203	790,039
Value-added services to property developers	30,562	90,066
Community value-added services	75,446	64,688
	868,211	944,793
Revenue from contracts with customers is recognised:		
– Over time	855,511	931,660
– At a point in time	12,700	13,133
	868,211	944,793

Property management services: The Group provides property owners and residents with a wide range of property management services, which primarily comprise (i) cleaning, (ii) security, (iii) gardening and landscaping, and (iv) repair and maintenance services.

Value-added services to property developers: The Group offers property developers comprehensive and customised value-added services covering the entire lifecycle of property development process to address their needs from preliminary consultancy for property development to post-delivery management. The value-added services to property developers primarily comprise (i) sales management services, (ii) preliminary planning and design consultancy services, (iii) pre-delivery cleaning and inspection services, (iv) car park sales assistance services, and (v) other services customised to meet specific needs of customers on an as-needed basis such as employee catering services and sales of groceries.

6 REVENUE *(Continued)*

Community value-added services: The Group provides comprehensive demand-inspired, customised and menu-based services, the value-added services to property owners and residents cater to different groups of property owners, factoring in different ages, different family structures and different occupations. The community value-added services primarily include, among others, (i) home-living services, (ii) common area value-added services, (iii) car park leasing assistance services and (iv) sales of groceries to property owners.

For the year ended 31 December 2023, revenue from the entities under the control or significant influence of Mr. Shum, the former ultimate controlling party of the Company, contributed 2% (2022: 8%) of the Group's revenue up until 6 September 2023, the date Mr. Shum no longer retained control over the Group. Other than these entities, none of the Group's Customers contributed 10% or more of the Group' revenue during the year.

7 CONTRACTS WITH CUSTOMERS

(a) Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Property management services	**124,413**	110,435
Value-added services to property developers	**22**	–
Community value-added services	**6,527**	5,748
	130,962	116,183

Contract liabilities of the Group mainly arise from the advance payments made by Customers while the underlying services are yet to be provided.

7 CONTRACTS WITH CUSTOMERS *(Continued)*

(a) Contract liabilities *(Continued)*

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Property management services	**106,090**	118,063
Value-added services to property developers	**–**	404
Community value-added services	**4,965**	6,226
	111,055	124,693

(b) Unsatisfied performance obligations

For 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, on a regular basis. The Group has elected the practical expedient for not disclosing the remaining performance obligations for these type of contracts. The majority of the property management service contracts do not have a fixed term. The term of the contracts for value-added services to property developers is generally set to expire when the counterparties notify the Group that the services are no longer required. For other value-added services, they are rendered in a short period of time and there is no material unsatisfied performance obligation at the end of the year.

(c) Assets recognised from incremental costs to obtain and fulfil a contract

During the years ended 31 December 2023 and 2022, there were no significant incremental costs incurred to obtain and fulfil a contract.

8 OTHER INCOME AND EXPENSES, NET

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Government grants	**4,859**	6,158
Value-added tax refund	**1,636**	1,956
Interest income on bank deposits (Note 29(a))	**237**	3,117
Late fees and penalties, net of reversals	**(1,276)**	2,262
Others	**(806)**	(95)
	4,650	13,398

For the years ended 31 December 2023 and 2022, the government grants were awarding to recognise the Group's past contribution to local economic growth. The grants, at the discretion of the relevant authorities, were accounted for as financial support with no future related costs expected to be incurred nor related to any assets. As such, the grants recognised in the consolidated statement of comprehensive income when the grants were received.

9 OTHER GAINS AND LOSSES, NET

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Exchange gains, net (Note 29(a))	**111**	13,771
Fair value gain on contingent consideration payable for business combination (Note 29(a))	**4,746**	21,684
Loss on disposal of an associate (Notes 29(a) & 29(e))	**–**	(124)
Gain on disposal of a subsidiary (Notes 29(a) & 29(d))	**250**	990
Gains on disposals of property and equipment (Notes 29(a) & 29(b))	**131**	1,006
Others	**(55)**	–
	5,183	37,327

10 LOSS FOR THE YEAR

The Group's loss for the year is stated after charging the following:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Depreciation of right-of-use assets (Note 29(a))	79	1,500
Depreciation of property and equipment (Notes 17 & 29(a))	10,868	10,138
Amortisation of intangible assets (Notes 18 & 29(a))	9,556	9,556
Cost of inventories sold	7,016	6,998
Auditor's remuneration		
– Annual audit services	3,150	3,900
– Non audit services	126	11
Short-term lease expenses	2,581	2,525

11 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Wages, salaries and bonuses	333,835	383,771
Social insurance and housing provident fund contributions	51,517	47,451
Other benefits	20,692	23,505
	406,044	454,727

All employees of the subsidiaries in the PRC participate in employee social insurance plans established in the PRC, which cover pension, medical and other welfare benefits. The plans are organised and administered by the government authorities. Except for the contributions made to these social insurance plans, the Group has no other material commitments owing to the employees. According to the relevant regulations, the contributions paid by the Group are principally determined based on percentages of the basic salaries of employees, subject to certain ceilings imposed. These contributions are expensed as incurred.

During the years ended 31 December 2023 and 2022, the Group had no forfeited contributions which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available at 31 December 2023 and 2022 which may be used by the Group to reduce the contribution payable in future years.

Contributions totalling approximately RMB19,631,000 (2022: RMB19,631,000) were payable to the plans at the year-end.

12 DIRECTORS' EMOLUMENTS

(a) Directors' emoluments

The remuneration of each director and chief executive officer of the Company during the years ended 31 December 2023 and 2022 are set out below:

	Fees		Basic salaries, housing allowances and other allowances		Contribution to pension scheme		Discretionary bonuses		Total	
	2023 *RMB'000*	2022 *RMB'000*	2023 *RMB'000*	2022 *RMB'000*	2023 *RMB'000*	2022 *RMB'000*	2023 *RMB'000*	2022 *RMB'000*	2023 *RMB'000*	2022 *RMB'000*
Executive directors										
Mr. Zhu Hongge (i)	–	–	1,285	1,284	–	–	550	500	1,835	1,784
Mr. Pang Bo	–	–	375	419	8	9	137	130	520	558
Mr. Bao Guojun	–	–	360	389	10	10	150	136	520	535
Non-executive director										
Mr. Huang Fuqing (ii)	–	–	–	–	–	–	–	–	–	–
Independent non-executive directors										
Ms. Liang Yunxu	109	104	–	–	–	–	–	–	109	104
Mr. Wang Huimin	109	104	–	–	–	–	–	–	109	104
Mr. Wong Kwok Yin	109	104	–	–	–	–	–	–	109	104
	327	312	2,020	2,092	18	19	837	766	3,202	3,189

(i) Mr. Zhu Hongge is also the chief executive officer of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive officer. He resigned as an executive director, the chairman of the Board and the chief executive officer of the Company on 26 July 2024.

(ii) Mr. Huang Fuqing resigned as a non-executive director of the Company on 12 August 2024.

12 DIRECTORS' EMOLUMENTS *(Continued)*

(b) Directors' retirement benefits

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiary undertaking for the year (2022: Nil).

No payment was made to the directors as compensation for early termination of appointment for the year (2022: Nil).

None of the directors of the Company waived any emoluments for the year (2022: Nil).

No emoluments were paid by the Group to the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office for the year (2022: Nil).

Save as disclosed in Note 32, there were no other loans, quasi-loans and other dealings in favour of the directors, controlled bodies corporate by and connected entities with such directors for the year (2022: Nil).

Save as disclosed in Note 32, no significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time for the year (2022: Nil).

12 DIRECTORS' EMOLUMENTS *(Continued)*

(c) Five highest paid individuals

The five individuals with the highest emoluments in the Group during the year include 1 director (2022: 2 directors). No emoluments were paid by the Group to the five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office for the year (2022: Nil). The emoluments payable to the remaining 4 individuals for the year (2022: 3 individuals) are as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Basic salaries, housing allowances and other allowances	1,618	1,296
Contribution to pension scheme	80	70
Discretionary bonuses	687	459
	2,385	1,825

The emoluments of those individuals fell within the following bands:

	Number of individuals Year ended 31 December	
	2023	2022
Nil to HKD1,000,000	4	3

13 FINANCE COSTS

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Interest expense on bank borrowings (Note 29(c))	1,681	2,277
Interest expense on lease liabilities (Note 29(c))	1	22
	1,682	2,299

14 INCOME TAX EXPENSE

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Current income tax charge	16,653	49,510
Deferred income tax charge/(credit)	3,791	(35,498)
	20,444	14,012

(a) Corporate income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and is exempted from the Cayman Islands income tax.

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profit generated in Hong Kong for the year (2022: Nil).

Pursuant to PRC Corporate Income Tax Law and respective regulations, the corporate income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable corporate income tax rates (i.e. ranging from 5% to 25%) on the respective taxable income for the year.

(b) The income tax expense for the year reconciled to the loss before taxation is as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Loss before taxation	(56,950)	(646,539)
Tax calculated at statutory corporate income tax rate of 25%	(14,238)	(161,635)
Effects of different tax rates applicable to different subsidiaries of the Group	(741)	(213)
Tax losses and temporary difference not recognised	1,862	8,300
Tax effect of utilisation of tax losses not previously recognised	–	(354)
Effects of share of results of an associate	(5)	2
Expenses not deductible for taxation	33,566	167,912
Income tax expense	20,444	14,012

15 LOSS PER SHARE – BASIC AND DILUTED

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective years.

	Year ended 31 December	
	2023	2022
Loss attributable to owners of the Company (RMB'000)	**(80,914)**	(664,336)
Weighted average number of ordinary shares in issue (in thousands)	**611,709**	611,709
Basic loss per share (RMB)	**(0.13)**	(1.09)

(b) Diluted loss per share

Diluted loss per share were the same as the basic loss per share as there were no potentially dilutive ordinary shares outstanding during the years ended 31 December 2023 and 2022.

16 DIVIDENDS

The Board did not recommend the payment of any dividend for the years ended 31 December 2023 and 2022.

17 PROPERTY AND EQUIPMENT

	Buildings *RMB'000*	Office equipment *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
Year ended 31 December 2023				
Opening net book amount	5,074	20,059	1,474	26,607
Disposal of a subsidiary (Note 29(d))	–	(125)	(5)	(130)
Additions	159	9,983	158	10,300
Disposals (Note 29(b))	(1)	(117)	(9)	(127)
Depreciation (Note 10)	(439)	(9,651)	(778)	(10,868)
Closing net book amount	4,793	20,149	840	25,782
At 31 December 2023				
Cost	6,436	52,405	4,979	63,820
Accumulated depreciation	(1,643)	(32,256)	(4,139)	(38,038)
Net book amount	4,793	20,149	840	25,782
Year ended 31 December 2022				
Opening net book amount	5,686	21,067	2,031	28,784
Additions	18	7,882	373	8,273
Disposals (Note 29(b))	(139)	(170)	(3)	(312)
Depreciation (Note 10)	(491)	(8,720)	(927)	(10,138)
Closing net book amount	5,074	20,059	1,474	26,607
At 31 December 2022				
Cost	6,282	44,283	5,291	55,856
Accumulated depreciation	(1,208)	(24,224)	(3,817)	(29,249)
Net book amount	5,074	20,059	1,474	26,607

Depreciation was charged to the "Cost of services and sales" and "Administrative expenses" in the consolidated statement of comprehensive income.

18 INTANGIBLE ASSETS

	Property management contracts *RMB'000*	Goodwill *RMB'000*	Software *RMB'000*	Total *RMB'000*
Year ended 31 December 2023				
Opening net book amount	36,780	92,205	1,387	130,372
Amortisation (Note 10)	(9,378)	–	(178)	(9,556)
Closing net book amount	27,402	92,205	1,209	120,816
At 31 December 2023				
Cost	56,704	106,762	1,856	165,322
Accumulated amortisation	(29,302)	–	(647)	(29,949)
Accumulated impairment	–	(14,557)	–	(14,557)
Net book amount	27,402	92,205	1,209	120,816
Year ended 31 December 2022				
Opening net book amount	46,159	106,762	1,564	154,485
Amortisation (Note 10)	(9,379)	–	(177)	(9,556)
Impairment (Note 29(a))	–	(14,557)	–	(14,557)
Closing net book amount	36,780	92,205	1,387	130,372
At 31 December 2022				
Cost	56,704	106,762	1,856	165,322
Accumulated amortisation	(19,924)	–	(469)	(20,393)
Accumulated impairment	–	(14,557)	–	(14,557)
Net book amount	36,780	92,205	1,387	130,372

Amortisation was charged to the "Cost of services and sales" in the consolidated statement of comprehensive income.

18 INTANGIBLE ASSETS *(Continued)*

Impairment tests for goodwill

Goodwill has been allocated to the respective CGU for impairment testing. Impairment review on the goodwill has been conducted by the management with the assistance of a valuation performed by a third-party independent valuer (Jones Lang LaSalle Corporate Appraisal and Advisory Limited) as at 31 December 2023 according to HKAS 36 Impairment of assets. The goodwill (net book amount) is allocated in CGU as follows:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Shanghai Jiayuan Baoji Property Services Company Limited ("Shanghai Baoji") CGU	**71,517**	71,517
Hunan Jiayuan Huaguan Property Services Company Limited ("Hunan Huaguan") CGU	**13,284**	13,284
Hunan Yahua Property Management Company Limited ("Hunan Yahua") CGU	**7,404**	7,404
	92,205	92,205

The recoverable amount of a CGU is determined based on the higher of value in use and the fair value less cost of disposal (the "FVLCOD"). As at 31 December 2023, management recalculated the recoverable amounts of all cash-generating units.

As at 31 December 2023, there is no impairment in respect of goodwill in the current year as CGU recoverable amounts exceeded its carrying amounts.

As at 31 December 2022, due to the PRC property sector crisis and its adverse impact on the performance of the cash-generating units, including declines in revenue growth, longer property management fee collection period, and weakened growth prospects, impairment losses on goodwill of approximately RMB12,128,000, RMB1,575,000 and RMB854,000 were recognised for Shanghai Baoji CGU, Hunan Huaguan CGU and Hunan Yahua CGU, respectively, resulting in a reduction in the carrying amounts of the goodwill of Shanghai Baoji CGU, Hunan Huaguan CGU and Hunan Yahua CGU, to RMB71,517,000, RMB13,284,000 and RMB7,404,000, respectively.

18 INTANGIBLE ASSETS *(Continued)*

Impairment tests for goodwill *(Continued)*

The following table sets forth each key assumption on which management has based its cash flow projections covering a five-year period to undertake impairment testing of goodwill:

	As at 31 December	
	2023	2022
For Shanghai Baoji CGU:		
Revenue growth rates during the projection period	0.6% - 6.1%	-3.0% - 2.2%
Gross profit margins during the projection period	24.3% - 27.3%	26.7% - 28.9%
Terminal growth rate	2.0%	2.0%
Pre-tax discount rate	19.8%	22.1%
For Hunan Huaguan CGU:		
Revenue growth rates during the projection period	-4.7% - 2.5%	-10.1% - 2.2%
Gross profit margins during the projection period	24.7% - 25.3%	19.8% - 21.0%
Terminal growth rate	2.0%	2.0%
Pre-tax discount rate	23.0%	24.9%
For Hunan Yahua CGU:		
Revenue growth rates during the projection period	-0.3% - 2.0%	-5.0% - 2.0%
Gross profit margins during the projection period	22.1% - 22.2%	20.7% - 21.5%
Terminal growth rate	2.0%	2.0%
Pre-tax discount rate	20.2%	22.1%

18 INTANGIBLE ASSETS *(Continued)*

Impairment tests for goodwill *(Continued)*

The key assumptions used in the VIU calculations are as follows:

(a) Revenue growth rates – The revenue growth rates are estimated based on the Group's contracted gross floor area under management, expected new projects under management and pricing standards.

(b) Gross profit margins – The gross profit margins during the projection period are determined by the management based on past performance, the current market conditions and its expectation for market development.

(c) Terminal growth rates – The terminal growth rates are estimated by reference to the long-term expected inflation rate. Cash flows beyond the projection period are extrapolated using the estimated terminal growth rates.

(d) Pre-tax discount rates – The discount rates used are pre-tax and reflect market assessments of the time value and the specific risks relating to the industry.

Management of the Group believes that any reasonably possible change in any of the above key assumptions of the VIU calculation would not cause the carrying amount to exceed the recoverable amount of each CGU. The possibility of the negative impact of variation in the key assumptions, including revenue growth rates, gross profit margins, terminal growth rate and pre-tax discount rate, for goodwill impairment is considered low.

19 INTEREST IN AN ASSOCIATE

	Year ended 31 December	
	2023 *RMB'000*	2022 *RMB'000*
At the beginning of the year	1,488	5,472
Disposal (Note 29(e))	–	(4,525)
Share of results	20	541
At the end of the year	1,508	1,488

The directors of the Company consider that the associate is not significant to the Group and thus the financial information of the associate is not disclosed.

As at 31 December 2023 and 2022, there were no significant contingent liabilities and commitments relating to the Group's interest in an associate. The associate is an unlisted company and has no quoted price.

20 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Financial assets at amortised cost:		
Trade and other receivables	**369,007**	357,104
Restricted bank deposits	**3,241**	1,374
Cash and cash equivalents	**48,041**	22,722
	420,289	381,200

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Financial liabilities at amortised cost:		
Trade and other payables	**285,636**	310,213
Bank borrowings	**29,896**	41,222
	315,532	351,435
Financial guarantee contract:		
Unauthorised guarantee	**123,000**	–
Financial liabilities at FVTPL:		
Contingent consideration payables for business combinations	**649**	5,395
Total financial liabilities	**439,181**	356,830

21 TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Trade receivables (a)	313,790	313,900
Other receivables (b)	55,217	43,204
Prepayments	8,913	8,297
Trade and other receivables	377,920	365,401

As at 31 December 2023, most of the trade and other receivables were denominated in RMB, and the fair value of trade and other receivables approximated their carrying amounts.

(a) Trade receivables

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Trade receivables	525,562	481,159
Less: allowance for impairment (Note 3.1.2)	(211,772)	(167,259)
	313,790	313,900

Trade receivables mainly arise from property management services income under lump sum basis and value-added services to property developers. Property management services income under lump sum basis are received in accordance with the terms of the relevant service agreements. Service income from property management services are due for payment by the residents upon the issuance of demand note. No credit term is granted to Customers. The ageing analysis of the trade receivables based on invoice date and net of allowance for impairment was as follows:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
0-60 days	50,459	82,751
61-180 days	48,393	66,989
181-365 days	40,308	55,216
1-2 years	111,394	67,332
2-3 years	42,028	36,494
3-4 years	18,668	4,844
4-5 years	2,540	12
More than 5 years	–	262
	313,790	313,900

21 TRADE AND OTHER RECEIVABLES *(Continued)*

(b) Other receivables

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Other receivables		
– Deposits and payments made on behalf of Customers (i)	**69,522**	47,856
– Due from related parties	**2,750**	10,493
– Due from related parties in respect of the Abnormal Transactions (ii)	**–**	–
– Others	**48**	840
	72,320	59,189
Less: allowance for impairment (Note 3.1.2)	**(17,103)**	(15,985)
	55,217	43,204

(i) The amount primarily represented the advance paid for Customers to settle their utility bills and other charges on their behalf.

(ii) As at 31 December 2022, net fund outflows totaling of approximately RMB643,819,000 were arising from the Abnormal Transactions, in which approximately RMB159,007,000 (equivalent to approximately HKD178,000,000), RMB191,540,000, RMB158,272,000 and RMB135,000,000 were due from related parties, namely Mingyuan Group, Shanghai Xiangyuan, Zhenjiang Shencheng and Nanjing Jiafeng, respectively. Although the Group has continuously demanded refunds from the related parties and taken appropriate legal actions to recover the outstanding amounts, no repayments have been received to date. After taking into account the expected recoverability of the balances, the Group has concluded that it is unlikely to recover the outstanding amounts and hence the Group has recognised a loss on the Abnormal Transactions of approximately RMB643,819,000 to fully write down the balances. This loss was recorded separately in an item in the consolidated statement of comprehensive income for the year ended 31 December 2022. No further loss or recovery of loss on Abnormal Transactions was recognised for the year ended 31 December 2023.

Details of Independent Investigation and the summary of loss on the Abnormal Transactions are set out in Note 2.1.2 to the consolidated financial statements.

22 RESTRICTED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Cash at banks and on hand (a)	51,282	24,096
Less: Restricted bank deposits (b)	(3,241)	(1,374)
Cash and cash equivalents	48,041	22,722
Cash at banks and on hand are denominated in:		
HKD	19	12
RMB	51,263	24,084
	51,282	24,096

(a) Cash and bank deposits held in the PRC are subject to local exchange control regulations. These regulations provide for restrictions on exporting capital from the PRC, other than through normal dividends. The carrying amount of the cash and bank deposits included within the consolidated financial statements to which these restrictions apply is RMB51,248,000 (2022: RMB23,973,000).

Except for the term deposits, cash at banks generally earns interest at floating rates based on daily bank deposits rates.

(b) The restricted bank deposits are restricted for litigation and operating requirement of the local government authorities.

23 SHARE CAPITAL

	Number of ordinary shares	Nominal value of shares *HKD'000*	Equivalent nominal value of shares *RMB'000*
Authorised			
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	2,000,000,000	20,000	17,195
Issued and fully paid			
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	611,709,000	6,117	5,225

24 RESERVES

	Share premium *RMB'000*	Accumulated losses *RMB'000*	Statutory reserves *RMB'000* (Note a)	Other reserves *RMB'000*	Total *RMB'000*
At 1 January 2023	454,301	(450,433)	40,935	(107,786)	(62,983)
Loss for the year	–	(80,914)	–	–	(80,914)
Appropriation of statutory reserves	–	(1,614)	1,614	–	–
Repurchase of shares of a subsidiary from non-controlling interests	–	57	–	–	57
At 31 December 2023	454,301	(532,904)	42,549	(107,786)	(143,840)
At 1 January 2022	454,301	216,115	38,723	(107,786)	601,353
Loss for the year	–	(664,336)	–	–	(664,336)
Appropriation of statutory reserves	–	(2,212)	2,212	–	–
At 31 December 2022	454,301	(450,433)	40,935	(107,786)	(62,983)

(a) The Company's subsidiaries registered in the PRC are required to set aside at least 10% of its after-tax profits, if any, to fund its statutory reserves, which are not available for distribution as cash dividends until the accumulated total of the fund reaches 50% of their respective registered capital.

25 TRADE AND OTHER PAYABLES

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Trade payables (a)	74,064	94,532
Other payables		
– Utility and other charges (b)	61,325	79,376
– Owners' maintenance fund (c)	40,375	32,449
– Deposits received (d)	76,466	78,225
– Contingent consideration payable for business combinations (e)	649	5,395
– Payroll payable	62,363	72,635
– Other taxes payables	12,397	11,657
– Others	33,406	25,631
	286,981	305,368
	361,045	399,900

(a) The ageing analysis of trade payables based on the invoice date is as follows:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
0-60 days	27,108	34,571
61-180 days	8,812	19,829
181-365 days	17,158	20,051
More than 1 year	20,986	20,081
	74,064	94,532

(b) The amounts represented receipts from Customers to settle their utility bills and other charges on their behalf.

(c) The amounts represented various proceeds received on behalf of the property owners to be used for property maintenance.

(d) The amounts mainly represented deposits received in relation to home decoration from Customers and performance guarantee deposits from suppliers, which would be refunded upon completion of work.

(e) The contingent consideration payable mainly arising from the acquisition of Shanghai Baoji. The Group is obligated to pay the vendor an additional of approximately RMB27,115,000 if specified property projects are completed and the Group is engaged to perform property management services. The estimated fair value of this obligation amounted to approximately RMB649,000 (2022: RMB5,395,000). For details of the fair value assessment, see Note 3.3.

26 BANK BORROWINGS

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Bank loans – secured	29,896	41,222

The Group's bank borrowings are repayable as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 1 year	11,338	11,362
Over 1 year and within 2 years	12,105	11,302
Over 2 years and within 5 years	6,453	18,558
	29,896	41,222
Less: amount due for settlement within 12 months (shown under current liabilities)	(11,338)	(11,362)
Amount due for settlement after 12 months (shown under non-current liabilities)	18,558	29,860

As at 31 December 2023, the bank borrowings were secured by 100% equity interest of Shanghai Baoji and were guaranteed jointly by Mr. Shum and an entity controlled by Mr. Shum with maximum exposure of RMB75,000,000.

The effective interest rate of bank borrowings at the year ended 31 December 2023 was 4.45% (2022: 4.60%).

Bank loans are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

The carrying amounts of the bank borrowings are denominated in RMB.

The carrying amounts of the current borrowings approximate their fair value, as the impact of discounting using a current borrowing rate is not significant.

27 PROVISIONS

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Provision for:		
– Loss on unauthorised Pledged Shares (a)	49,315	37,482
– Loss on unauthorised guarantee (b)	123,000	–
	172,315	37,482

(a) Loss on unauthorised Pledged Shares

As detailed in Note 2.1.2 in respect of the unauthorised share pledged during the Independent Internal Control Review, it was identified that, in March 2022, the former management of certain subsidiaries of the Group, acted upon instructions from China Jiayuan without the permission or authorisation of the Board and senior management of the Company, entered into an unauthorised and undisclosed share pledge agreement. Under this agreement, Zhejiang Heyuan agreed to pledge the Pledged Shares to secure the repayment obligation of Mr. Shum, as borrower, for a personal loan in the principal amount of RMB80,000,000 from an external lender. The loan was interest-bearing at 18% per annum, repayable on 31 May 2022 and was further secured by properties held by two related parties under Mr. Shum's control, with joint and several guarantee obligations provided by one of the related parties.

Following Mr. Shum's failure to repay, the lender initiated legal proceedings against Mr. Shum as the borrower and a guarantor party in July 2022. By September 2022, a civil mediation paper was issued, affirming the lender's right to enforce repayment of the loan's principal and interest, and to receive preferential rights to the proceeds from the auction or sale of pledged properties and the Pledged Shares. In March 2023, the court granted an enforcement order, and execution proceeding resumed in March 2024. Up to the end of November 2024, one of the pledged properties has been auctioned successfully while process on auctioning another pledged property is in progress. There were no further actions taken on the remaining pledged properties and the Pledged Shares.

The extent to which Mr. Shum will be able to repay the lender for the outstanding principal and interests of the loan remains uncertain. Based on legal advice and the evaluation by an independent third-party valuer, the Group recognised a provision of approximately RMB37,482,000 for loss on unauthorised Pledged Shares. The amount represents the Group's best estimate of the probable cash outflow arising from the obligations under the share pledge agreement, taking into account the net realisable value of the pledged properties. It was recorded separately in an item in the consolidated statement of comprehensive income for the year ended 31 December 2022. For the year ended 31 December 2023, an addition provision of approximately RMB11,833,000 was recognised to account for the interest accrued over the period.

27 PROVISIONS *(Continued)*

(b) Loss on unauthorised guarantee

As detailed in Note 2.1.2 in respect of the unauthorised guarantee, on 27 July 2023, the Involved Subsidiaries, entered into unauthorised guarantee agreements with two independent third parties, as creditors, and the Involved Subsidiaries, as guarantors. These agreements, also involving a related party controlled by Mr. Shum as guarantors, stipulated that the Involved Subsidiaries and the related party would provide joint liability guarantees for all creditors' rights, effective for three years following the obligation fulfillment period. This arrangement was in favour of Chaohu Xutong, a PRC limited liability company under Mr. Shum's control, pursuant to an equity transfer agreement dated 27 July 2023. In this equity transfer agreement, Chaohu Xutong as transferee, agreed to acquire the entire equity interest of a target company from the two independent third parties, as transferors, at a consideration of RMB123,000,000, payable in one lump sum within 60 days from the effective date of the equity transfer agreement.

Following Chaohu Xutong's failure to fulfill this payment, the creditors initiated arbitration through the SAC in December 2023. In April 2024, without proper authorisation, the legal advisers of the Involved Subsidiaries attended the arbitration hearing and entered into a settlement agreement, mandating a combined compensation to the creditors of approximately RMB124,000,000, being the consideration and the arbitration fee, as confirmed by the SAC through an arbitration mediation statement.

Based on the legal advice, the creditors could legally demand payment based on the settlement agreement. Should the Involved Subsidiaries assume all payment obligations, they may seek full recovery from Chaohu Xutong and any excess amount from the related party, which has assumed joint liability for the payment obligations. According to the PRC Civil Code, guarantors share equal liability unless otherwise agreed.

The Group has recognised an expected credit loss of approximately RMB123,000,000, based on the consideration of the equity transfer associated with this unauthorised guarantee. This amount was recorded separately in an item in the consolidated statement of comprehensive income for the year ended 31 December 2023.

28 DEFERRED INCOME TAX

The following are the deferred income tax assets and liabilities recognised by the Group:

Deferred income tax assets

	Allowance for impairment of financial assets *RMB'000*	Accrued expenses *RMB'000*	Others *RMB'000*	Total *RMB'000*
At 1 January 2023	**57,398**	**3,296**	**13**	**60,707**
(Charged)/credited to the consolidated statement of comprehensive income	**(6,287)**	**143**	**(12)**	**(6,156)**
At 31 December 2023	**51,111**	**3,439**	**1**	**54,551**
At 1 January 2022	15,400	7,159	5,048	27,607
Credited/(charged) to the consolidated statement of comprehensive income	41,998	(3,863)	(5,035)	33,100
At 31 December 2022	57,398	3,296	13	60,707

28 DEFERRED INCOME TAX *(Continued)*

Deferred income tax liabilities

	Fair value gain from business combinations *RMB'000*
At 1 January 2023	**9,215**
Credited to the consolidated statement of comprehensive income	**(2,365)**
At 31 December 2023	**6,850**
At 1 January 2022	11,613
Credited to the consolidated statement of comprehensive income	(2,398)
At 31 December 2022	9,215

Under the income tax laws in the PRC, withholding tax is imposed on dividend declared in respect of profit earned by the PRC subsidiaries. As at 31 December 2023 and 31 December 2022, the Group's PRC subsidiaries had no distributable earnings to be remitted to their overseas holding companies.

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefits through future taxable profits is probable. For the year ended 31 December 2023, the Group did not recognise deferred income tax assets in respect of losses amounting to approximately RMB2,600,000 (2022: RMB1,484,000) that can be carried forward against future taxable income. Tax losses of the Group's companies operated in the PRC could be carried forward for a maximum of five years.

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

	2023 *RMB'000*	2022 *RMB'000*
Net deferred income tax assets recognised in the consolidated statement of financial position	**48,935**	53,335
Net deferred income tax liabilities recognised in the consolidated statement of financial position	**(1,234)**	(1,843)
	47,701	51,492

29 CASH FLOW INFORMATION

(a) Cash generated from operations

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Loss before taxation	(56,950)	(646,539)
Adjustments for		
– Depreciation of property and equipment (Note 10)	10,868	10,138
– Depreciation of right-of-use assets (Note 10)	79	1,500
– Amortisation of intangible assets (Note 10)	9,556	9,556
– Impairment losses on financial assets (Note 3.1.2)	100,035	186,423
– Impairment losses on goodwill (Note 18)	–	14,557
– Loss on the Abnormal Transactions (Note 2.1.2)	–	643,819
– Loss on unauthorised Pledged Shares (Notes 2.1.2 and 27(a))	11,833	37,482
– Loss on unauthorised guarantee (Notes 2.1.2 and 27(b))	123,000	–
– Interest income (Note 8)	(237)	(3,117)
– Finance costs (Note 13)	1,682	2,299
– Share of results of an associate (Note 19)	(20)	(541)
– Fair value gain on contingent consideration payable for business combination (Note 9)	(4,746)	(21,684)
– Loss on disposal of an associate (Note 9)	–	124
– Gain on disposal of a subsidiary (Note 9)	(250)	(990)
– Gains on disposals of property and equipment (Note 9)	(131)	(1,006)
– Exchange gain, net (Note 9)	(111)	(13,771)
Operating profit before working capital changes	194,608	218,250
– Increase in restricted bank deposits	(1,867)	(98)
– Increase in inventories	(33)	(6)
– Increase in trade and other receivables	(112,475)	(161,444)
– Increase/(decrease) in contract liabilities	14,779	(13,665)
– (Decrease)/increase in trade and other payables	(33,256)	33,602
Cash generated from operations	61,756	76,639

29 CASH FLOW INFORMATION *(Continued)*

(b) Disposals of property and equipment

In the consolidated statement of cash flows, proceeds from disposals of property and equipment comprise:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Net book amount (Note 17)	127	312
Gains on disposals (Notes 9 and 29(a))	131	1,006
Proceeds from disposals	258	1,318

(c) Reconciliation of liabilities arising from financing activities

This section sets out the movements in the Group's liabilities arising from financing activities, including both cash and non-cash changes:

	Lease liabilities	Bank borrowings	Total
	RMB'000	*RMB'000*	*RMB'000*
Liabilities as at 1 January 2023	50	41,222	41,272
Cash flows	(51)	(13,007)	(13,058)
Non-cash			
– Interest expenses (Notes 13 and 29(a))	1	1,681	1,682
Liabilities as at 31 December 2023	–	29,896	29,896
Liabilities as at 1 January 2022	1,857	52,540	54,397
Cash flows	(1,829)	(13,595)	(15,424)
Non-cash			
– Interest expenses (Notes 13 and 29(a))	22	2,277	2,299
Liabilities as at 31 December 2022	50	41,222	41,272

29 CASH FLOW INFORMATION *(Continued)*

(d) Disposal of a subsidiary

Disposal of Guizhou Huahong Property Services Company Limited ("Guizhou Huahong")

On 15 March 2023, Hunan Huaguan, an indirect partially owned PRC subsidiary of the Company, entered into a sale and purchase agreement with two independent third parties in relation to disposal of its entire equity interest of Guizhou Huahong to the purchasers.

Net liabilities at the date of disposal were as follows:

	RMB'000
Property and equipment (Note 17)	130
Other receivables	32
Bank and cash balances	441
Trade and other payables	(1,324)
Net liabilities disposed of	(721)
Total consideration	471
Gain on disposal of a subsidiary (Note 9)	(250)
Consideration satisfied by:	
Cash	–
Settlement of underlying liabilities	471
	471
Net cash outflow arising on disposal:	
Cash consideration received	–
Cash and cash equivalents disposed of	(441)
	(441)

Disposal of Jiaxing Jiayuan Lvdong Property Service Company Limited ("Jiayuan Lvdong")

On 27 September 2022, Zhejiang Zhixiang Dacheng (formerly known as Zhejiang Jiayuan Services), a direct wholly-owned subsidiary of the Company, entered into sale and purchase agreements for the disposal of equity interests in its wholly-owned subsidiary, Jiayuan Lvdong. The agreements involved the sale of 40% and 60% of the equity interests to an entity controlled by Mr. Shum and an independent third party, respectively, for a total consideration of RMB1,000,000.

29 CASH FLOW INFORMATION *(Continued)*

(d) Disposal of a subsidiary *(Continued)*

Disposal of Jiaxing Jiayuan Lvdong Property Service Company Limited ("Jiayuan Lvdong") (Continued)

On the date of disposal, 22 October 2022, the only asset of Jiayuan Lvdong was cash and cash equivalents totaling RMB10,000 and resulted in a gain on disposal of a subsidiary of RMB990,000 (Note 9). As of the end of the reporting period, the sale proceeds of RMB1,000,000 was still outstanding and included in other receivables.

(e) Disposal of an associate

During the year ended 31 December 2022, the Group disposed of its entire 40% of the equity interest in an associate, Chongqing Bonded Port Gangjia Comprehensive Service Co., Ltd for a net cash consideration of approximately RMB4,401,000. On the date of disposal, the carrying amount of interest in the associate was approximately RMB4,525,000 and resulted in a loss on disposal of an associate of RMB124,000 (Note 9). Those cash consideration was fully received in 2022.

30 COMMITMENTS

Operating lease commitments

The Group's lease commitments under non-cancellable short-term and low-value operating leases are as follows:

	As at 31 December	
	2023 *RMB'000*	2022 *RMB'000*
No later than 1 year	67	259

31 CONTINGENT LIABILITIES

As at 31 December 2023, certain subsidiaries of the Company are defendants in certain claims, lawsuits, arbitrations and potential claims relating to property management contracts and employment dispute. The directors of the Company after due consideration of each case and with reference to legal advice, consider the claims would not result in any material adverse impact on the consolidated financial position or results and operations of the Group except for the provisions for losses on unauthorised Pledged Shares and guarantee (2022: except for the provision for loss on unauthorised Pledged Shares) as stated in Note 27 to the consolidated financial statements.

32 MATERIAL RELATED PARTY TRANSACTIONS

Mr. Shum, the former ultimate controlling party of the Company, has control over the Group. Therefore, Mr. Shum and the entities controlled or jointly controlled by Mr. Shum and over which Mr. Shum has significant influence are considered to be related parties of the Group. On 7 September 2023, due to the Receivers taking over control of the Charged Securities, Mr. Shum no longer retained control over the Group. Mr. Shum and the entities controlled or jointly controlled by Mr. Shum and over which Mr. Shum has significant influence, ceased to be a related party of the Group from that date onwards.

(a) Transactions with related parties

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Entities controlled by Mr. Shum		
– Provision of property management services	**2,556**	7,300
– Provision of value-added services to property developers	**12,057**	62,402
Entities jointly controlled by Mr. Shum		
– Provision of value-added services to property developers	**3,441**	7,121
Entities over which Mr. Shum has significant influence		
– Provision of property management services	**–**	3,083
– Provision of value-added services to property developers	**23**	2,024
Entity which has significant influence over a subsidiary of the Company		
– Provision of property management services	**3,031**	3,371
– Provision of value-added services to property developers	**2,148**	1,619
– Repurchase of shares of a subsidiary	**288**	–

The prices for the above service and other transactions were determined in accordance with the terms mutually agreed by the contract parties.

(b) Key management compensation

Key management group includes directors and senior managements of the Group. The compensation paid or payable to key management is shown below:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
– Salaries, wages and bonuses	**4,857**	4,743
– Social insurance and housing provident fund contributions	**124**	127
– Other benefits	**28**	147
	5,009	5,017

As at 31 December 2023, included in payroll payable was remuneration of approximately RMB276,000 (2022: RMB517,000) payable to key management personnel which is unsecured, interest-free and settled in cash.

32 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(c) Balances with related parties

Balances with related parties were included in the following items:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Entities controlled by Mr. Shum		
Trade in nature and included in:		
– Trade receivables	**–**	133,920
– Prepayments	**–**	111
– Other receivables	**–**	7,247
– Trade payables	**–**	409
– Utility and other payables	**–**	4,334
Entities jointly controlled by Mr. Shum		
Trade in nature and included in:		
– Trade receivables	**–**	5,921
– Other receivables	**–**	1,053
Entities over which Mr. Shum has significant influence		
Trade in nature and included in:		
– Trade receivables	**–**	10,782
– Other receivables	**–**	3
Entity which has significant influence over a subsidiary of the Company		
Trade in nature and included in:		
– Trade receivables	**1,887**	2,350
– Other receivables	**2,750**	2,190
– Trade payables	**1,889**	425
– Utility and other payable	**1,199**	136

Note:

The balances with related parties are unsecured, interest-free and repayable on demand.

33 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December	
		2023	2022
	Note	*RMB'000*	*RMB'000*
ASSETS			
Non-current assets			
Investment in a subsidiary		388,224	388,224
Current assets			
Other receivables		51,838	51,385
Cash and cash equivalents		15	110
		51,853	51,495
Total assets		440,077	439,719
EQUITY			
Share capital		5,225	5,225
Reserves	(a)	405,233	408,751
Total equity		410,458	413,976
LIABILITIES			
Current liabilities			
Other payables		29,619	25,743
Total liabilities		29,619	25,743
Total equity and liabilities		440,077	439,719

The statement of financial position of the Company was approved by the Board on 4 December 2024 and was signed on its behalf by:

Bao Guojun
Director

Pang Bo
Director

33 STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

(a) Reserve movements of the Company

	Share premium *RMB'000*	Other reserves *RMB'000* (Note i)	Accumulated losses *RMB'000*	Total *RMB'000*
At 1 January 2023	**454,301**	**100,934**	**(146,484)**	**408,751**
Loss for the year	**–**	**–**	**(3,518)**	**(3,518)**
At 31 December 2023	**454,301**	**100,934**	**(150,002)**	**405,233**
At 1 January 2022	454,301	100,934	9,595	564,830
Loss for the year	–	–	(156,079)	(156,079)
At 31 December 2022	454,301	100,934	(146,484)	408,751

(i) Amounts represented the difference between the net asset value of the subsidiaries acquired by the Company over the nominal value of the share capital of the Company issued in exchange thereof.

34 SUBSIDIARIES

The following is a list of principal subsidiaries, all of these are limited liability companies:

Name of subsidiaries	Place of incorporation	Register/issued capital	Equity interest attributable to the Group		Principal activities/place of operations
			2023	2022	
Directly held by the Company:					
Chuangyuan Development Limited (創源發展有限公司)	BVI	US$1	100%	100%	Investment holding in Hong Kong
Indirectly held by the Company:					
Jiayuan Property Management Limited (佳源物業管理有限公司)	Hong Kong	HK$1	100%	100%	Investment holding in Hong Kong
Zhejiang Heyuan (浙江禾源物業服務有限公司) (a)	the PRC	US$100,000,000	100%	100%	Investment holding in the PRC
Zhejiang Zhixiang Dacheng (浙江智想大成物業服務集團有限公司) (formerly known as Zhejiang Jiayuan Services) (浙江佳源物業服務集團有限公司)	the PRC	RMB500,000,000	100%	100%	Property management in the PRC
Anhui Chongyuan Property Management Company Limited (安徽崇源物業管理有限公司)	the PRC	RMB5,000,000	100%	100%	Property management in the PRC
Zhejiang Meiyuan Family Services Company Limited (浙江美源家庭服務有限公司)	the PRC	RMB10,000,000	100%	100%	Community value added services in the PRC
Chongqing Zhongnong Guoxin Property Management Company Limited (重慶中農國信物業管理有限公司)	the PRC	RMB5,000,000	100%	100%	Property management in the PRC
Xinjiang Jiayuan Urban Property Services Company Limited (新疆佳源都市物業服務有限公司)	the PRC	RMB5,000,000	100%	100%	Property management in the PRC

34 SUBSIDIARIES *(Continued)*

Name of subsidiaries	Place of incorporation	Register/issued capital	Equity interest attributable to the Group		Principal activities/place of operations
			2023	2022	
Indirectly held by the Company: *(Continued)*					
Hangzhou Jiayuan Minan Property Services Company Limited (杭州佳源民安物業服務有限公司)	the PRC	RMB3,000,000	100%	100%	Property management in the PRC
Yangzhou Shengyuan Property Services Company Limited (揚州盛源物業服務有限公司)	the PRC	RMB1,000,000	100%	100%	Property management in the PRC
Anhui Jiayuan Property Services Company Limited (安徽佳源物業服務有限公司)	the PRC	RMB5,000,000	100%	100%	Property management in the PRC
Hangzhou Jiayuan Property Services Company Limited (杭州佳源物業服務有限公司)	the PRC	RMB1,000,000	100%	100%	Property management in the PRC
Jiaxing Jiayuan Zhixiang Property Services Company Limited (嘉興佳源智想物業服務有限公司)	the PRC	RMB1,000,000	100%	100%	Property management in the PRC
Jiaxing Jiayuan Xingzhou Property Services Company Limited (嘉興佳源星洲物業服務有限公司)	the PRC	RMB500,000	100%	100%	Property management in the PRC
Hunan Huaguan (湖南佳源華冠物業服務有限公司)	the PRC	RMB5,000,000	65%	65%	Property management in the PRC
Hunan Huaze Property Services Company Limited ("Hunan Huaze") (湖南華澤物業服務有限公司) (b)	the PRC	RMB2,000,000	41%	41%	Property management in the PRC

34 SUBSIDIARIES *(Continued)*

Name of subsidiaries	Place of incorporation	Register/issued capital	Equity interest attributable to the Group 2023	2022	Principal activities/place of operations
Indirectly held by the Company: *(Continued)*					
Hunan Jiayuan Property Services Company Limited (湖南佳源物業服務有限公司)	the PRC	RMB5,000,000	100%	100%	Property management in the PRC
Guizhou Huahong (貴州華弘物業服務有限公司) (c), Note 29(d)	the PRC	RMB5,000,000	–	46%	Property management in the PRC
Chongqing Jidiyoujia Real Estate Agency Company Limited (重慶及第有佳房地產經紀有限公司)	the PRC	RMB1,000,000	100%	100%	Community value added services in the PRC
Changsha Jidiyoujia Real Estate Agency Company Limited (長沙及第有佳房地產經紀有限公司)	the PRC	RMB1,000,000	65%	65%	Community value added services in the PRC
Tongxiang Jiayuan Wenyun Property Services Company Limited (桐鄉佳源文蘊物業服務有限公司)	the PRC	RMB1,000,000	100%	100%	Property management in the PRC
Chongqing Jiabao Property Services Company Limited (重慶佳寶物業服務有限公司)	the PRC	RMB10,000,000	51%	51%	Property management in the PRC
Guizhou Jiazhi Property Management Company Limited (貴州佳致物業管理有限公司)	the PRC	RMB10,000,000	51%	51%	Property management in the PRC

34 SUBSIDIARIES *(Continued)*

Name of subsidiaries	Place of incorporation	Register/issued capital	Equity interest attributable to the Group		Principal activities/place of operations
			2023	2022	
Indirectly held by the Company: *(Continued)*					
Xinjiang Jiayuan Caihong Property Services Company Limited (新疆佳源彩紅物業服務有限公司)	the PRC	RMB10,000,000	51%	51%	Property management in the PRC
Yuyao Jiayuan Hongsheng Property Services Company Limited (余姚佳源宏盛物業服務有限公司)	the PRC	RMB1,000,000	100%	100%	Property management in the PRC
Shaoyang Jianingyuan Property Services Company Limited (邵陽佳寧源物業服務有限公司)	the PRC	RMB10,000,000	67%	67%	Property management in the PRC
Xiangyang Jiayuan Property Services Company Limited (襄陽佳源物業服務有限公司)	the PRC	RMB1,000,000	100%	100%	Property management in the PRC
Shanghai Baoji (上海佳源保集物業有限公司)	the PRC	RMB13,000,000	100%	100%	Property management in the PRC
Yangzhou Baoji Property Services Company Limited (揚州保集物業管理有限公司)	the PRC	RMB500,000	100%	100%	Property management in the PRC
Yixing Shenglong Property Services Company Limited (宜興市神龍物業服務有限公司)	the PRC	RMB500,000	100%	100%	Property management in the PRC

34 SUBSIDIARIES *(Continued)*

Name of subsidiaries	Place of incorporation	Register/issued capital	Equity interest attributable to the Group		Principal activities/place of operations
			2023	2022	
Indirectly held by the Company: *(Continued)*					
Qingdao Jiayuan Derun Property Services Company Limited (青島佳源德潤物業服務有限責任公司)	the PRC	RMB10,000,000	65%	65%	Property management in the PRC
Guangzhou Jiayuan Property Services Company Limited (廣州佳源物業服務有限公司)	the PRC	RMB1,000,000	100%	100%	Property management in the PRC
Quzhou Jiayuan Property Services Company Limited (衢州佳源物業服務有限公司)	the PRC	RMB2,000,000	100%	100%	Property management in the PRC
Chongqing Jiayuan Jiayou Property Services Company Limited (重慶佳源佳優物業服務有限公司)	the PRC	RMB5,000,000	100%	100%	Community value added services in the PRC
Fushun Jiayuan Property Services Company Limited (撫順佳源物業服務有限公司)	the PRC	RMB1,000,000	100%	100%	Property management in the PRC
Shaoxing Changyuan Property Services Company Limited (紹興昌源物業服務有限公司)	the PRC	RMB5,000,000	100%	100%	Property management in the PRC
Hunan Meiyuan Family Services Company Limited (湖南美源家庭服務有限公司)	the PRC	RMB2,000,000	65%	65%	Community value added services in the PRC
Mingguang Chongyuan Property Company Limited (明光崇源物業有限公司)	the PRC	RMB500,000	60%	60%	Property management in the PRC

34 SUBSIDIARIES *(Continued)*

Name of subsidiaries	Place of incorporation	Register/issued capital	Equity interest attributable to the Group		Principal activities/place of operations
			2023	2022	
Indirectly held by the Company: *(Continued)*					
Yanhe Jiayuan Property Services Company Limited (沿河佳源物業服務有限公司)	the PRC	RMB10,000,000	100%	100%	Property management in the PRC
Hunan Yahua (湖南亞華物業管理有限公司)	the PRC	RMB8,800,000	51%	51%	Property management in the PRC
Loudi Jiayuan Huaguan Property Services Company Limited (婁底佳源華冠物業服務有限公司)	the PRC	RMB2,000,000	65%	65%	Property management in the PRC
Jiaxing Xingjia Property Services Company Limited (嘉興星佳物業服務有限公司) (formerly known as Zhejiang Xingjia Property Services Company Limited) (浙江星佳物業服務有限公司)	the PRC	RMB5,100,000	100%	51%	Property management in the PRC
Suqian Jiasu Property Services Company Limited (宿遷市佳宿物業服務有限公司)	the PRC	RMB2,000,000	100%	100%	Property management in the PRC
Hunan Jiashang Family Services Company Limited (湖南佳尚家庭服務有限公司)	the PRC	RMB2,000,000	51%	51%	Property management in the PRC
Hunan Jiayou Family Services Company Limited (湖南佳優家庭服務有限公司)	the PRC	RMB2,000,000	65%	–	Property management in the PRC
Longhui Huaguan Property Services Company Limited (隆回華冠物業服務有限公司)	the PRC	RMB1,000,000	65%	–	Property management in the PRC

(a) Registered as wholly foreign owned enterprises under PRC law.

(b) Hunan Huaze is 63% owned by Hunan Huaguan.

(c) Guizhou Huahong is 70% owned by Hunan Huaguan.

34 SUBSIDIARIES *(Continued)*

The English names of the subsidiaries represent the best efforts made by the management of the Group in translating their Chinese names as they do not have official English names.

The above list included subsidiaries having material impact on the annual results or net assets of the Group.

None of the subsidiaries had issued debit securities at the end of the reporting period.

The directors of the Company consider that none of the non-controlling interests of the individual subsidiaries was significant to the Group and thus the individual financial information of these subsidiaries was not disclosed in this section.

35 EVENTS AFTER THE REPORTING PERIOD

Other than the matters described in the Note 2.1.1 *"Suspension of trading, resumption guidance and resumption progress"* and Note 2.1.2 *"Independent Investigation and Independent Internal Control Review"* to the consolidated financial statement, no other material events subsequent to the end of the reporting period were noted.

FINANCIAL SUMMARY

RESULTS

	Year ended 31 December				
	2019	2020	2021	2022	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	***RMB'000***
Revenue	454,891	615,096	820,542	944,793	**868,211**
(Loss)/profit before taxation	68,304	102,807	138,644	(646,539)	**(56,950)**
Income tax expense	(18,090)	(32,839)	(34,464)	(14,012)	**(20,444)**
(Loss)/profit and total comprehensive (expense)/income for the year	50,214	69,968	104,180	(660,551)	**(77,394)**
(Loss)/profit and total comprehensive (expense)/income income attributable to:					
– Owners of the Company	50,214	65,426	100,478	(664,336)	**(80,914)**
– Non-controlling interests	–	4,542	3,702	3,785	**3,520**
	50,214	69,968	104,180	(660,551)	**(77,394)**

NET ASSETS AND TOTAL EQUITY

	As at 31 December				
	2019	2020	2021	2022	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	***RMB'000***
Total assets	849,478	940,983	1,227,129	601,916	**626,814**
Total liabilities	688,173	422,744	599,753	636,035	**738,615**
Net (liabilities)/assets	161,305	518,239	627,376	(34,119)	**(111,801)**
Equity attributable to owners of the Company	151,148	501,183	606,578	(57,758)	**(138,615)**
Non-controlling interests	10,157	17,056	20,798	23,639	**26,814**
(Total deficit in equity)/total equity	161,305	518,239	627,376	(34,119)	**(111,801)**