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OVERVIEW

Established in 2001, we are an IS integration solution services provider focusing on the provision of information system (IS) integrated solution services for the construction of smart cities (智慧城市) and at the same time, applying our self-developed solutions for our property and community living services. Leveraging our expertise in information technology and R&D, we are able to provide comprehensive products and services for our customers in the construction of smart cities which aims to enhance urban management efficiency, improve residents' quality of life and create a holistic visualisation system for better city management. As a service provider of IS integration solutions, we focus on the customisation of our customers' information system design and business-specific systems catering for their needs along with hardware and equipment procurement, installation and implementation, and system commissioning. At the same time, we also provide quality property services and community living services to our customers in various communities and neighbourhoods.

Our capabilities in the application of AI and big data technologies in the operation of our principal businesses have been recognised and accredited by the government and other private institutions. Our R&D team has dedicated their efforts into training our AI and big data system in order to enhance their capabilities. Please refer to the paragraph headed "— Research and Development" in this section of this document for more details of our technological capabilities. Attributing to our capabilities in the industry, we were the second-largest Shandong-based livelihood service provider in China's comprehensive smart city solution industry in 2023, according to Frost & Sullivan.

We primarily generate revenue from four business lines: (i) IS integration solution services; (ii) property services; (iii) community living services; and (iv) others.

- *IS integration solution services:* We provide IS integration solution services for communities, governmental authorities and industrial parks by applying IoT, AI, big data, cloud computing, GIS and other technologies to enhance urban management efficiency and improve quality of life. We put our emphasis on the customisation of our customers' information system design and business-specific systems catering for their needs along with hardware and equipment procurement, installation and implementation, and system commissioning.

- *Property services:* We are a comprehensive property service provider that covers residential properties, commercial properties, governmental properties and public facilities, hospitals, campuses, and industrial parks. Our management service content includes housing and facility equipment maintenance, environmental management, landscaping, safety management, order maintenance, and conference services as well as customer services. During the Track Record Period, we mainly charged property management fees on a lump sum basis. In our business operations, we have deeply integrated digital and intelligent technologies, committed to providing our customers with a diverse range of property management services and value-added services. We strive to deliver quality customer service experience for property owners and users. In terms of property value-added services, we continuously innovate to provide owners and non-owners with a variety of services, such as vicinity operation services, home improvement services, household maintenance services and real estate leasing and sales services in order to meet the personalised needs of users.

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- *Community living services:* Community living services mainly include online and offline retail business (i.e. new retail) and catering services. For our offline retail business model, we operated a total of 14 offline stores in various neighbourhoods as at the Latest Practicable Date to provide sales of necessities and fresh produce and provide pre-sale and self-pick up services for the surrounding communities. For our online retail business model, we rely on our "City Guide" operation platform, a WeChat mini programme, where users can place order online and opt for home delivery services. Our catering services mainly include canteen contracting services for governmental departments, enterprises, educational institutions and large communities and the distribution of fresh produce to these customers.

- *Others:* Others primarily include sales of hardware and software, facilities repair services and rental income.

We experienced organic growth in our financial performance in terms of revenue during the Track Record Period. Our revenue increased from RMB647.4 million for FY2021 to RMB979.7 million for FY2022 and experienced a further growth to RMB1,115.5 million for FY2023 and RMB1,113.8 million for FY2024, representing a CAGR of 19.8%.

	For the year ended 31 December							
	2021		2022		2023		2024	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
IS integration solution services	**165,635**	**25.6**	**458,139**	**46.8**	**535,304**	**48.0**	**502,318**	**45.1**
— Communities services	126,708	19.6	352,694	36.0	130,976	11.7	80,773	7.3
— Governance services	19,770	3.1	14,245	1.5	48,004	4.3	186,754	16.8
— Parks services	10,516	1.6	44,946	4.6	347,943	31.2	211,836	19.0
— Other IS integration solution services	8,641	1.3	46,254	4.7	8,381	0.8	22,955	2.0
Property services	**359,459**	**55.5**	**416,800**	**42.5**	**450,355**	**40.4**	**478,961**	**43.0**
— Property management services	326,355	50.4	380,205	38.8	407,376	36.5	434,758	39.0
— Property value-added services	33,104	5.1	36,595	3.7	42,979	3.9	44,203	4.0
Community living services	**77,766**	**12.0**	**79,012**	**8.1**	**94,246**	**8.4**	**116,948**	**10.5**
— New retail	33,806	5.2	40,045	4.1	55,958	5.0	72,255	6.5
— Catering services	43,960	6.8	38,967	4.0	38,288	3.4	44,693	4.0
Others *(Note)*	**44,514**	**6.9**	**25,700**	**2.6**	**35,559**	**3.2**	**15,562**	**1.4**
Total	**647,374**	**100.0**	**979,651**	**100.0**	**1,115,464**	**100.0**	**1,113,789**	**100.0**

Note: Others primarily include sales of hardware and software, facilities repair services and rental income.

OUR STRENGTHS

We believe that our diversified industry profile, coupled with our ability to achieve closed-loop synergies, has endowed us with the following competitive strengths, which have led to our success and enabled sustainable growth within the industry.

We have strong innovation ability in the field of IS integration solutions which is demonstrated by our technology, products and collaborative model utilised in each of our business lines

Our track record is supported by our innovations in technology, products and collaborative model used for the construction of smart cities.

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High-level technological breakthroughs and innovative achievements which lead the future of smart cities

With the vision of "Empowering the Smart Era, Enriching Lives through Technology" (智慧賦能時代，科技普惠民生), we have always prioritised technological innovation as a key driver of our development and have dedicated on the continuous exploration in technology development. Leveraging our experience in smart cities construction and operation projects and R&D efforts, we have established a self-developed core technology system, such as highly trustworthy federated intelligent big data analysis, multi-task visual algorithm based on federated learning, remote control technology based on video streaming mechanism, multi-dimensional identity authentication technology and device lifecycle management technology based on container cloud virtualization and have obtained 39 patents (including 21 invention patents) and 179 software copyrights as at the Latest Practicable Date. We have also been accredited with Class A Construction Contractor of Electronics and Intelligent Engineering Works (電子與智能化工程專業承包壹級), CMMI-5 Accreditation Certificate (CMMI-5認證證書) and Data Management Capability Maturity Assessment Model Level 3 (數據管理能力成熟度模型 (DCMM) 三級).

We apply these core technologies on the development of our software products, including the B2G Smart City Big Data Platform, B2B Smart Property Management and Operations Platform and B2C "City Guide" Operation Platform. Our self-developed core technologies and software products have been seamlessly applied to different business areas, including community properties, community living services and smart public security. For details of the functions of these platforms and systems, please refer to the paragraphs headed "— Our Business Model — A. IS Integration Solution Services — Our IS integration solution services" and "— Our "City Guide" Online Service Platform" in this section of this document.

Our technology abilities have also been recognised by various government authorities and institutions and had earned us a number of notable awards and recognitions, including Top 100 Competitive Enterprises in the Software and Information Technology Service Industry in Shandong Province (2022年山東省軟件和信息技術服務業綜合競爭力百強企業) in 2022 and Shandong Province Data Factor Demonstration Enterprise (山東省數據要素示範企業) in 2023. In particular, our core technology applied in smart community management platform (智慧社區管控系統) was accredited as "domestic leading" by the Scientific and Technological Achievement Standard in Qingdao City, our Qingdao West Coast New Area Smart Communities (青島市西海岸新區智慧社區) won the Infrastructure and Architecture Award at the World Smart City Awards 2022 — China (2022世界智慧城市大獎•中國區基礎設施和建築大獎), our "Self-Adaptive Alliance Intelligent Key Technologies and Applications" (自適應聯盟智能關鍵技術及應用) won the Third Science and Technology Award of China Society for the Promotion of Science and Technology Commercialization (中國科技產業化促進會第三屆科學技術獎) in 2022, our "Sensory Front-end Full Life Cycle Monitoring Acceptance Application Case" (感知前端全生命週期監管驗收應用案例) was selected as one of the Public Notice of Big Data "Three Excellencies and Two Priorities" of Shandong Province in 2022 — Outstanding Big Data Application Cases of Shandong Province in 2022 (2022年度山東省大數據"三優兩重"公示 — 2022年度山東省優秀大數據應用案例) by the Department of Industry and Information Technology of Shandong Province, our Holographic Sensing Platform (全息感知平台) was selected as one of the "Outstanding Artificial Intelligence Innovative Products of Qingdao in 2023" (青島市2023年優秀人工智能創新產品) by Qingdao Artificial Intelligence Industry Association (青島市人工智能產業協會), and our self-developed software, Windaka Satellite Remote Sensing Data Application System V1.0 (文達通衛星遙感數據應用系統 V1.0), was selected as one of the Excellent Data Products of Shandong Province in 2023 (2023 年度山東省優秀大數據產品) by the Department of Industry and Information Technology of Shandong Province.

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High-quality product development and comprehensive solutions which lead the market

As an extension to our R&D technologies, we have developed a range of products and solutions tailored for different urban settings. In particular, our series of products built for Government Direct Service, such as our enclosed government service rooms (封閉式政務直辦間) and integrated government service machines (一體式政務直辦機). These intelligent terminals can be strategically placed on streets and within communities, parks, and commercial areas. By utilising the Government Direct Service platform, government departments can establish a virtual service hub, enabling them to handle various departmental tasks in an effective and efficient manner without the need of physical presence. This approach ensures a personalised and virtual face-to-face experience for citizens, as services can be conveniently accessed nearby, solving the "last mile" challenge of service delivery to the public.

In order to provide comprehensive products and services and connect our in-house developed systems for different urban settings, we have also conducted R&D on gateway products, which are devices or software solutions that serve as an intermediary or bridge between different networks or systems. For example, the smart community federated intelligent data gateway product is a scalable practical application system that utilises artificial intelligence, emerging digital technologies such as big data, federated intelligence, and algorithms such as adversarial networks and super-resolution image enhancement to capture and record faces, vehicles, and other objects. The gateway product has a wide variety of urban applications, including housing management, personnel management, parking management, unit management, visitor management, equipment operation and maintenance, user management, etc..

In 2021, our Government Direct Service platform was recognised as one of the top ten innovative cases for optimising the business environment in Qingdao. We have collaborated with multiple government departments, including the Administrative Approval Bureau, Public Security Bureau, Human Resources and Social Security Bureau and Healthcare Security Administration from various municipal government. As at the Latest Practicable Date, we have set up over 200 Government Direct Service platforms in various review and approval offices (審批大廳), street offices, functional areas and communities.

We will continue to actively respond to the State Council's policy to accelerate the upgrade of government services by implementing the "one-stop, one-time" (一站式，一次性) approach and will develop and promote the Government Direct Service series products, while maintaining a focus on continuous innovation in our product development.

High-efficiency resource integration with our '1 + 3 + 3' operation model which reshapes the ecosystem of community service

With an aim for a comprehensive community development, the creation of a convenience lifestyle circle, and the development of smart communities, we innovatively suggest the "1 + 3 + 3" operation model in the PRC, establishing "1" community as the core and property as lever, supported by "3" major technology platforms (i.e. our B2G Smart City Big Data Platform, B2B Smart Property Management and Operation Platform and B2C "City Guide" Operation Platform and guaranteed by the "3" business segments collaborative linkage (namely, our smart technology, smart property and smart living).

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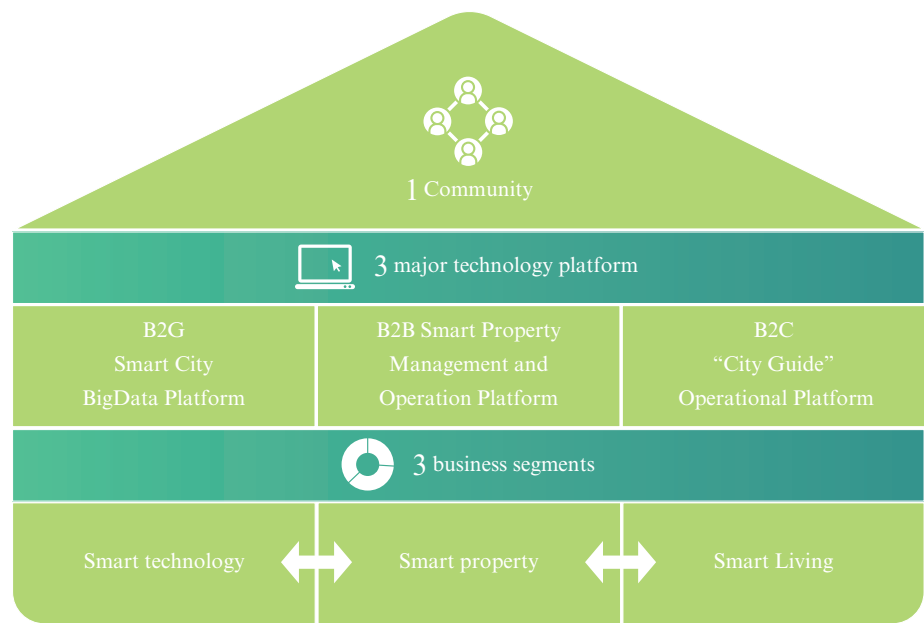
We have tailored an innovative approach that integrates technology, property and lifestyle through collaborative synergy. Our "1＋3＋3 smart industry ecosystem" ("1＋3＋3"智慧產業生態) model leverages intelligent methods for comprehensive application by bridging city governance and accurate community services. Such operation model has already been implemented in areas such as Jiaozhou City of Qingdao, Chengyang District of Qingdao and Jiangxi. Furthermore, our B2B "Smart Property Management and Operation" platform and B2C "City Guide" operation platform are also gradually being promoted to other third-party companies.

Our Smart Communities New Model Application Case (智慧社區新模式應用案例) was selected as one of the Outstanding Big Data Application Cases of Shandong Province in 2023 (2023年度山東省優秀大數據應用案例) by the Department of Industry and Information Technology of Shandong Province, and our Data-empowered City 15-Minute Convenient Living Circle Solution (數據賦能城市一刻鐘便民生活圈解決方案) was selected as one of the "Big Data Innovative Application Achievements of Shandong Province in 2024" (2024年度山東省大數據創新應用成果) by the Shandong Provincial Big Data Bureau (山東省大數據局).

Our R&D expertise together with our team of R&D talents

We believe that our R&D capability is crucial to our business and also differentiates us from our competitors as it strengthens our capability in providing quality services and products to our customers.

Since our inception, we have consistently driven our development through innovation, focusing on R&D investment and maintaining a strong foundation for innovation. Leveraging digital technology to empower diverse collaboration models, we concentrate on advanced products and technology development. Our award-winning technology platforms (i.e. B2G Smart City Big Data platform, B2B Smart Property Management and Operation platform and B2C "City Guide" operation platform) and products (i.e. enclosed government service rooms and integrated government service machines) are the results of our dedication in R&D.

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As at the Latest Practicable Date, we had a R&D team of more than 80 personnel comprising ten holders of master degree or above and industry experts with two of our staff currently pursuing a PhD degree. The team comprises various positions with a wide range of functions, such as product managers, development engineers, testing engineers, operation and maintenance engineers, who generally possess relevant academic, professional qualifications and/or working experience. Other than our in-house R&D team, we also have established strategic cooperation with leading companies in the industry and have conducted research on algorithms and development on software applications.

We also have a R&D centre in Qingdao, which was set up in 2001. Our R&D centre, the "Federated Intelligent and Trusted Data Analysis Technology Laboratory" (聯邦智能可信數據分析技術重點實驗室), is accredited as a "Key Laboratory" in Qingdao (青島市重點實驗室). The R&D centre has an area of approximately 530.6 sq.m. and more than 10 service training machines, equipped with a total hashrate of more than 1,263 TeraFLOPs. These service training machines are primarily used for training our AI and machine learning models which will accelerate the training of our algorithms and improve accuracy. In 2023, our R&D centre has been jointly accredited with, among others, China University of Petroleum (中國石油大學) as the second batch candidate for the Data Open Innovation Application Laboratory of Shandong Province (山東省數據開放創新應用實驗室), thereby establishing ourselves as one of the front-runners in the R&D of smart community applications. We continue to delve into frontier fields such as AI, IoT solutions, intelligent control platforms and big data operations.

During FY2021, FY2022, FY2023 and FY2024, we engaged in an aggregate of 47 R&D projects, our research and development expenses amounted to RMB11.5 million, RMB18.4 million, RMB19.0 million and RMB21.5 million, respectively, representing 21.5%, 22.5%, 29.0% and 34.3% of our profit, respectively for the corresponding years.

We had been recognised within the industry in the PRC for our R&D capabilities where we have been accredited by the People's Government of Shandong Province for Second Prize of the Shandong Provincial Science and Technology Progress Award (山東省科學技術進步獎二等獎), Shandong Public Security Bureau for First Prize of the Shandong Provincial Public Security Department Science and Technology Progress Award (山東省公安廳科學技術進步獎一等獎) and Qingdao People's Government for First Prize of the Qingdao Municipal Science and Technology Progress Award (青島市科學技術進步獎一等獎). As at the Latest Practicable Date, we were the registered owner of 39 patents (including 21 invention patents) and 179 software copyrights in the PRC.

Esteemed corporate partners for the collaboration for mutual success and achieving co-creation and sharing of values

We believe that our growth during our track record was attributable to our strong relationships with our cooperation partners, including our customers, suppliers and R&D partners.

In terms of our customers, our accumulated experience and expertise in delivering IS integration solution services and property and community living services in the PRC, along with our commitment to understanding our customers' needs and demands, and our responsiveness to their requests, have collectively built our customers' trust in the quality of our services and products. During the Track Record Period, we served over 3,000 customers, many of these being industry leading technology enterprises and state-owned enterprises and state-owned telecommunication operators. According to Frost & Sullivan, these state-owned enterprises are generally considered as

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high-quality customers due to their ability to generate consistent income and their general propensity for sustainable growth. We believe that our customers' growth can be translated into recurring revenue for us as a comprehensive solutions and services provider.

We have also maintained stable strategic relationships with the top five customers in each year during the Track Record Period. The majority of our top five customers for each year during the Track Record Period have over three years of business relationship with us. Our stable relationships with these customers have allowed us to gain in-depth understanding of their needs and we apply such understanding in our development of our product and service offerings. We have in place various sales and marketing strategies so as to maintain our relationships with our customers.

Our proven track record and strong business relationship with equipment suppliers, light current engineering contractors, smart construction contractors and labour arrangement companies have also won us an increasing number of contracts for each of our business lines. We have placed our priority on the selection of our suppliers as the quality of services and products that are rendered by these suppliers will have an incidental impact on our products and services provided to our customers. We regularly evaluate suppliers to ensure their quality. These efforts have allowed us to establish a comprehensive supplier selection and management system and procurement management system. We have a pool of high quality suppliers with many of them are leading enterprises in the relevant products that they supply and we have maintained stable relationships with our suppliers.

Our R&D partners are also a pivotal part of our success. We place great emphasis on R&D to keep in pace with technology innovations and advances, which, we believe will enable us to stay competitive, continuously provide high-quality services to our customers and enhance our efficiency and productivity. Over the years, we have accumulated abundant technological experience in the Smart City Solution industry and property and community services industries. Our management team is of the view that these partnerships can enhance our credibility, optimise risks and costs, and lead to the co-development of valuable intellectual properties.

A visionary management team with outstanding execution capability

We are led by an experienced management team comprising our executive Directors and members of senior management team. Our management team came from various professional background covering various fields and possesses rich industry and management experience and track record. In particular, Ms. Pan, our chairlady and executive Director, has over 30 years of experience in business management and operation. Mr. Guan, our executive Director and general manager, has over 20 years of experience in business management and operation. During his tenure, he also obtained a EMBA degree and the doctoral programme in corporate management, and he is a senior economist (正高級經濟師). For details of the information of the management team, please refer to "Directors, Supervisors and Senior Management". In addition, our strong and highly motivated sales team enable us to sustain good business relationship with our existing customers and to develop new business relationship with potential customers. Members of our sales team possess relevant experience and technical knowledge to handle customers' queries and to recommend value-added and customise products and services to meet their needs. Our Directors believe that our sales and marketing team had contributed to the expansion of our markets sales throughout the Track Record Period.

As of the Latest Practicable Date, the majority of our core management members have worked in our Group for more than 20 years. During the Track Record Period, our Directors and senior management team had not experienced any material changes. Stable management has significantly accelerated our internal decision-making speed and improved management efficiency.

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OUR STRATEGIES

We plan to focus on the following key strategies to achieve our mission and further consolidate our market leadership:

Upgrading our smart city solution: deepening our business processes and data applications to achieve more efficient city management and services

Based on the fundamental technologies that we have developed, we aim to upgrade our capabilities on our smart city solutions.

i.   Integrating smart technology, data-driven and advanced models to create a smarter, more convenient and safer living experience

We have developed various integrated solutions for application in different urban settings for the provision of smart community solution services. Details of the functions of these solutions are set out in the paragraph headed "— Our Business Model — A. IS Integration Solution Services — Our IS integration solution services — I. Smart communities services" in this section of this document. We plan to upgrade our various solution platforms for smart community with an aim to achieve functional, performance and experiential enhancements across our platforms with advanced cloud computing, big data, AI and other advanced technologies. As a foundation, we will build a community model with the capability to provide knowledge and tool support in the key domains of management, security and services. On the macro level, we will construct an integrated data-driven city service management platform to improve the overall operational efficiency of our platforms. We will also develop new functionalities for our platforms to continuously meet the evolving needs of the smart communities. Details of our upgrading plans are as follows:

1.   **Smart Community Digital Brain Platform (智慧社區數字大腦平台):** Enhancing system visuals algorithm and interaction models, we plan to deploy big data and AI technology to improve data collection, analysis and early model warning capabilities, catering to needs of the full-process management for diverse community settings.

2.   **Security Community Management and Control Platform (安防社區管控平台):** Upgrading the automated data analysis module using AI technology to enhance the accuracy and model inference efficiency of algorithms for big data retrieval, personnel recognition, and vehicle clustering. Introducing new modules for loitering analysis, companion vehicle analysis, and key personnel clustering analysis to meet the needs of users in refined management of people, vehicles and objects in their daily work.

3.   **"City Guide" operation platform:** Enhancing sales of the group purchasing module through data analysis and machine learning for intelligent recommendation algorithms. Through improving the ability to creating a community model, it provides user with a more convenient experience. We will also conduct in-depth research, design, and development of new features such as community bartering and campus butler (校園跑腿).

4.   **Smart Property Management and Operation Platform:** By leveraging big data and deep learning technologies, we aim to enhance the data collection and analysis capabilities for financial and other operational data, in order to meet the decision-making and analysis needs of managers at all levels within the company. We plan to utilise large language models to provide our clients with a more concise and comfortable interactive experience. We are committed to optimising the payment experience and enriching the functionality of

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our work order management and quality management modules, in order to meet the diverse business needs of our customers. We have also added new modules for engineering equipment management, collaborative office tools, and comprehensive budgeting, to address the requirements for equipment inspections and maintenance, automated office workflows, financial budgeting and day-to-day cost control.

5. **Property Industry Supervision Platform:** We plan to further optimise our business processes by integrating them with our credit system and reward/punishment mechanisms. This will streamline the rectification process for time-limited tasks, thereby improving the efficiency of task completion. By leveraging artificial intelligence and big data technologies, we will further enhance our data analysis capabilities. This will allow us to automatically record the learning outcomes of our project managers on the training platform and provide real-time scoring.

ii.   Upgrading governance solution services — Strengthen digital services, optimise data governance, and improve intelligent decision-making to create a more efficient, transparent and convenient government service experience

We posses the ability to provide governance solution services to government departments. Our award-winning governance solutions coupled with our products have allowed efficient communication between government departments and citizens. For details of the solution services that we have provided under the governance solution services, please refer to the section headed "— Our Business Model — A. IS Integration Solution Services — Our IS integration solution services — II. Governance services" in this section of this document. To continue and maintain our long standing collaboration with government departments, we aim to develop new technology to cater for their needs. Details of our upgrades plan are set out as follows:

1. **Government Direct Service System:** Optimise remote control technology transmission protocols to improve the stability of the connection system and enhance user experience.

2. **Smart Urban Management CIM Platform:** We plan to adopt multiple types of sensing terminals to collect real-time information, relying on AI, big data and other technologies, to mine data resources, improving the responsiveness and accuracy of cross-regional real-time queries and comprehensive analysis of people, vehicle and object information. Introducing a smart video storage function for monitoring, enabling real-time video analysis, automatic alerts, precise positioning, and early warning of abnormal event videos alerts and interactions.

3. **Smart Public Security Solution:** Utilise big data and artificial intelligence technologies to establish a professional know-how base for integration of data, enhancing the efficiency and accuracy of the duty command system.

4. **Smart Ocean Solution Services:** Through technological upgrades and functional diversification, the marine ecological environment will be more accurately monitored and managed, improving the effectiveness of ecological protection. We will use big data and AI technology to conduct in-depth mining and analysis of marine ecological environment data, predict ecological environment change trends and provide scientific basis for ecological protection and restoration.

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iii. Upgrading our parks services solution — Optimising our intelligent facilities, strengthening data analysis and decision support, and building a new park management ecosystem that is efficient, green, and intelligent

Our solutions developed for parks service platforms are designed for various industrial parks, software parks, entrepreneurial parks and other office spaces with high population density. We plan to upgrade our solutions by optimising the smart early warning and command and control module by using advanced technologies such as perceptual recognition and data security encryption. This will significantly enhance the management efficiency of key personnel and vicinity, ensuring close collaborations with relevant work personnel to swiftly alert and analysis potential safety hazards.

iv. Other upgrades — Forging a future of the enterprise and create an industry-leading core technology system

In addition to the abovementioned upgrades, we also plan to improve our existing digital support capabilities which forms the foundation of our technological aspect of operation.

1. Optimise resource scheduling strategies for our federated intelligent big data analysis system by applying reinforcement learning to resource scheduling strategy formulation and fully utilising its decision-making capabilities to optimise computing resource allocation and improve overall platform resource utilisation.

2. Optimise the series of video structural analysis algorithms by converting updated algorithm convolution structures into transformer structures. Designing performance optimisation strategies based on actual needs to achieve tasks like target detection, classification, and tracking, thereby improving target detection accuracy, detection performance, and enhancing the transferability and generalisation capability of the model.

3. We plan to strengthen our data protection capability by upgrading our data security system by optimising algorithm performance under the premise of data security and privacy protection. We aim to acquire new software and hardware equipment to build security technology support capabilities and improve technical protection levels of our endpoints, networks and cloud platforms.

4. Construct a community model capability platform to achieve multi-modal data recognition and analysis capabilities for the community domain. This can support the application development in community retail, dining, education, entertainment and other scenarios, improving the efficiency of knowledge acquisition for applications, as well as the precision of service delivery.

5. Construct a supply chain ERP system (i) to achieve an integration of the supply chain process; (ii) optimise supplier management; (iii) improve inventory management and logistics efficiency; and (iv) strengthen digital decision making capabilities.

Upgrading our products to parallel our customers' needs and the advancement of our solutions

On one hand, we will upgrade our smart city solutions capabilities, on the other, we will also conduct further R&D on our products in order to provide our customers with comprehensive products and services.

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We intend to include additional functions to our B2C "City Guide" operation platform thereby increasing the portfolio of products that our users can choose from with a click on their mobile devices. We plan to provide comprehensive and accurate information and data support for community management, while offering specialised solutions like wellbeing consultation and lifestyle assistant. We will leverage our knowledge and experience in the community services sector to gain a deeper understanding and address community-related issues and improving work efficiency.

To couple with the development of our established property services, we have been in the process of developing an unmanned cleaning vehicle system that is adaptive to different city settings and to create unmanned sweeping vehicles, unmanned floor cleaning vehicles and other products for various urban settings. This system will include core modules such as steer-by-wire chassis, autonomous driving package and a cloud control platform. During FY2021, FY2022, FY2023 and FY2024, our unmanned cleaning vehicle system contributed the contract value of nil, nil, nil and approximately RMB4.0 million, respectively, to our IS integration solution services segment. Ultimately, we aim to establish an autonomous driving software and hardware platform with independent intellectual property rights, reducing costs and increasing efficiency for cleaning operations in various scenarios.

Selectively pursue strategic alliances, investments and acquisitions for long-term growth and to drive innovation

As a complement to our organic growth strategy, we will prudently and selectively pursue strategic alliances or potential investments and acquisitions to drive our growth and improve our innovative footprint. We intend to focus on targets that have synergies with our business, particularly those that can enrich our product and service offerings for each of our business lines, enhance our innovative capabilities, enlarge our customer base, strengthen our technical capabilities and reinforce our market position. We joined the Low-Speed Autonomous Driving Industry Alliance (低速無人駕駛產業聯盟) in September 2024. We are of the view that joining these alliances and association will allow our Group to get acquaintances with other upstream and downstream stakeholders and thus will enable us to identify quality investment or acquisition target.

We plan to identify potential targets for investment and acquisition through recommendations and referrals by our network of industry participants. According to Frost & Sullivan, there were more than 25 and 10,000 service providers of livelihood service IS integration solution services and property services in Shandong Province, respectively, as at 31 December 2023, so our Directors believe that we have an extensive candidate pool for the potential investment and acquisition. We seek potential investment and acquisition opportunities and select targets based on our industry experience and the following criteria:

Management, qualifications of staff and reputation: We plan to seek potential targets with a devoted management team who possesses relevant experience and expertise, and have a good reputation in the industry which will allow our Group to further expand our existing network in the PRC in the future;

Size and scale of operation: We will look for potential targets in the PRC which have a medium size of operation;

Established clientele: We will look for potential targets with established clientele to expand our sales network in different regions in the PRC, and to penetrate into regions in the PRC that are not currently covered by our Group;

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Financial condition and growth potential: We will take into account the financial condition and growth potential of the potential targets and investigate if there was an upward trend of their financial results in the preceding three years. We expect the potential targets shall have a positive net asset value;

Compliance record: We target companies which have obtained the licences, permits and approvals necessary for conducting their businesses, and have good compliance with relevant laws and regulations.

Currently, we are interested in exploring the investment or acquisition opportunities in terms of companies in the autonomous driving industry that can facilitate our property services. For example, such companies' technologies may help us develop and improve unmanned cleaning vehicle systems to enhance our cleaning service efficiency. More specifically, we are particularly interested in companies based in Shandong, Jiangsu and Shanghai with a market valuation of not more than RMB45.0 million. According to Frost & Sullivan, there were approximately 160 to 200 companies focusing on the autonomous driving technology in Shandong, Jiangsu and Shanghai as at 31 December 2024, which indicated a broad candidate pool for our potential investment or acquisition.

As at the Latest Practicable Date, we did not have any specific investment or acquisition targets.

Expanding both our online and offline network for new retail and living services and bringing convenience to our community living services users and optimising our supply chain management

We are committed to a strategic expansion that integrates the openings of new offline stores and the development of online operations. By replicating and scaling our successful convenience lifestyle circle operating model, we will embed ourselves within communities, delivering convenient and efficient new retail and living services as well as a diversified range of lifestyle offerings to our customers. This comprehensive strategy, blending physical and digital service points, will enable us to create a community-centric shopping and service experience. Through this coordinated offline-online approach, we will solidify our presence, enhance accessibility, and become a part of the daily lives of the communities we serve.

We plan to open new offline stores to expand our community-based new retail coverage. Concurrently, we will actively build integrated marketing channels on leading platforms, creating a comprehensive local lifestyle services ecosystem. This dual-pronged approach will drive online traffic, enable the development of a unique brand identity, and solidify our growing customer base. We will establish a presence within the communities we serve, delivering convenience and a differentiated retail experience for consumers.

We will enhance our supply chain procurement systems and upgrade our warehousing and logistics capabilities to drive internal cost efficiencies and enable external business growth. This includes optimising supplier management, implementing centralised and scaled procurement, and deploying advanced information systems. In parallel, we will optimise our warehouse layouts, adopt smart storage technologies, and integrate innovative logistics solutions powered by IoT, big data, and AI. By embracing green logistics practices, we will further improve operational sustainability. This comprehensive supply chain and logistics transformation will strengthen our competitive edge, promote economies of scale, enhance service delivery, and support the diversification of our business channels. We will also improve the quality of our products and fresh produce sold on the online and

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offline platforms by sourcing from high-end suppliers, including procuring directly from the source. We expect that the improvement of quality of goods that we sell will drive our sales given consumers have an increasing awareness of goods that they consume and use.

We are proactively recruiting top management talent and implementing systematic employee training to enhance our community living services. Alongside, we are optimising compensation and benefits to foster employee engagement and loyalty. This integrated talent strategy will empower the workforce, support business expansion, and fuel the company's sustained growth.

Enhancing our brand awareness and market penetration

We plan to continuously promote our brand to increase awareness among existing and potential customers to increase our market share in the PRC. Specifically, we plan to use multiple marketing vehicles on traditional and new media channels to enhance visibility and recognition of our brands and ensure comprehensive customer exposure. For traditional media channels, we plan to strengthen our cooperation with printed media groups to promote and maintain the reputation of our Group and on the other hand, we intend to rely on our social media accounts as our major promotion method for new media channel. We will also take advantage of new media channels including internet advertisements, emerging social media platforms and others. We plan to implement precise and efficient advertising strategies and utilise emerging social medial platforms to engage in customer interaction. With an aim to generate more organic marketing and to receive feedbacks from our customers, we will increase our use of content marketing on social media and new media platforms.

Through these brand awareness and marketing plans, we plan to secure increased number of high-end customers and quality projects, thereby driving our future growth.

In addition, we plan to further enhance our brand awareness and market penetration through (i) continuously improving our service and product offerings by innovative and advanced technologies such as AI and big data to attract more customers; (ii) leading and participating in setting more industry standards, and engaging in more high profile industry conferences and activities to pursue more market exposure; for example, we have taken advantage of the opportunities to attend the 2022 Global Smart City Conference (Chengdu) (2022全球智慧城市大會•成都), 2023 China New Smart City Development and Innovation Summit (2023中國新型智慧城市發展創新峰會) and 2024 New Smart City Development and Innovation Conference (2024新型智慧城市發展創新大會) to enhance our marketing efforts and improve our brand awareness, and we have participated in setting up an international industry standard, Smart City Infrastructure — City Information Model (CIM) Data Framework and Function Requirements (IS0 37187) (IS0 37187《智慧城市基礎設施一城市信息模型(CIM)數據框架和功能要求》) and a series of national industry standards such as Technological Requirements of the Digitalised Technological Application of Smart Hardware in Construction and Residential Area (《建築及居住區數字化技術應用智能硬件技術要求》) and Smart Residential Area Building Evaluation Standard (《智慧住區建設評價標準》); and (iii) pursuing cooperations with more leading enterprises in various industries to showcase our capabilities; for example, China United Network Communications Group Co., Ltd. (中國聯合網絡通信集團有限公司) and its associates became our largest customer in terms of revenue contribution in 2024.

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Expanding the talent pool, strengthening the talent team building, and enhancing the core capabilities of the team

Our talented and experienced employees are essential to our business development and expansion. To support our long-term business development, we plan to implement a series of human resource policies to strengthen our human resource system so as to attract and retain talents, enhance their competencies and keep them competitive.

In order to strengthen employees' professional skills and overall competence in areas such as merchandise procurement, inventory management, sales techniques and customer service, we plan to develop and implement a series of systematic and targeted training programmes. Through regular training, learning, and practice, employees will continuously improve their business acumen and overall capabilities, better adapting to market changes, handling various challenges in their work, and contributing more significantly to the company's development.

To inspire employees' enthusiasm and positivity, and to increase their job satisfaction and loyalty, we will continuously optimise our compensation and benefits system. By offering competitive remuneration package, comprehensive benefits, and ample career development opportunities, we plan to stabilise the workforce and reduce turnover. At the same time, we seek to stimulate employees' creativity and innovative spirit, contributing collectively to our prosperous development.

In order to secure the emerging business opportunities for each of our business lines in the respective market and drive our business expansion, we intend to recruit more experienced staff for our procurement department, research and development department and project management department with net [REDACTED] from the [REDACTED]. For further details, please refer to the section headed "Future plans and use of [REDACTED]" in this document.

OUR BUSINESS MODEL

During the Track Record Period, we primarily generated revenue from four business lines: (i) IS integration solution services; (ii) property services; (iii) community living services; and (iv) others. Our services covered under each of the business segments are set out below:

- *IS integration solution services:* We provide IS integration solution services for communities, governmental authorities and industrial parks by applying IoT, AI, big data, cloud computing, GIS and other technologies to enhance urban management efficiency and improve quality of life.

- *Property services:* We are a comprehensive property service provider that cover residential properties, commercial properties, governmental properties and public facilities, hospitals, campuses, and industrial parks. Our management service content includes housing and facility equipment maintenance, environmental management, landscaping, safety management, order maintenance, and conference services as well as customer services. During the Track Record Period, we mainly charged property management fees on a lump sum basis. In our business operations, we have deeply integrated digital and intelligent technologies, committed to providing our customers with a diverse range of property management services and value-added services. We strive to deliver quality customer service experience for property owners and users. In terms of property value-added services, we continuously innovate to provide owners and non-owners with

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a variety of services, such as vicinity operation services, home improvement services, household maintenance services and real estate leasing and sales services in order to meet the personalised needs of users.

- *Community living services:* Community living services mainly include online and offline retail business (i.e. new retail) and catering services. New retail adopts a combination of both online and offline models. For our offline retail business model, we operated a total of 14 offline stores in various neighbourhoods as at the Latest Practicable Date to provide sales of necessities and fresh produce and provide pre-sale and self-pick up services for the surrounding communities. For our online retail business model, we rely on our "City Guide" operation platform, a WeChat mini programme, where users can place order online and opt for home delivery services. Our catering services mainly include canteen contracting services for governmental departments, enterprises, educational institutions and large communities and the distribution of fresh produce to these customers.

- *Others:* Others primarily include sales of hardware and software, facilities repair services and rental income.

Our principal business segments create synergy with one another with an aim to construct and complete the ecosystem of smart cities.
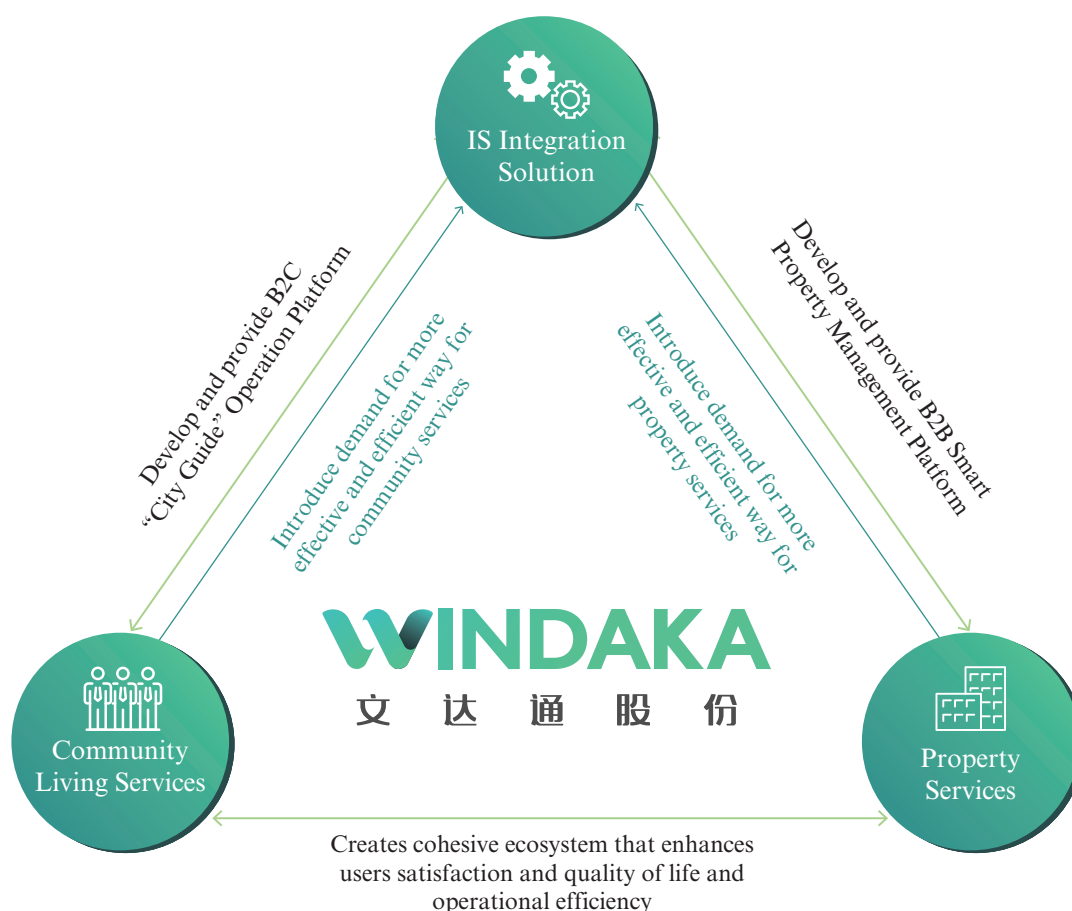
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Our IS integration solution services, property services, and community living services work synergistically to enhance operational efficiency and client satisfaction. The IS integration solutions provide a technological foundation that streamlines property management processes, while our self-developed software also enhances security and convenience. Together, these services allow and support sustainable development. The cohesive approach ensures a seamless experience for our customers.

Our IS integration solution services benefit from the demand introduced by our property services and community living services. When we provide property services and community living services, we actively identify the pain points which may be addressed by our IS integration solution services, and hence acquire new customers for such services with the hope of facilitating cross-selling of our services. For example, when we provide property management services, we will conduct a detailed analysis of the status of the locking, parking and security systems in the communities to identify where we can make improvements or upgrades through our IS integration solution services. Based on such analysis, we will make improvement proposals to our customers, who may accept such proposals and become customers of our IS integration solution services. When we provide our community living services, we also try to identify the potential need for IS integration solutions to achieve a more convenient and effective lifestyle for residents. For instance, while providing community living services, we noticed many residents desired to have a one-stop platform to handle various daily matters, so we developed our "City Guide" operation platform, where users can have efficient access to property, government, and life services. Many customers of our community living services also become users of our "City Guide" operation platform. For each of FY2021, FY2022, FY2023 and FY2024, our revenue generated from overlapping customers in IS integration solution services and other business segments, including property services and community living services, amounted to RMB79.1 million, RMB381.5 million, RMB214.2 million, and RMB197.8 million, respectively, representing 12.2%, 38.9%, 19.2% and 17.8% of our total revenue for the corresponding years, respectively. For each of FY2021, FY2022, FY2023 and FY2024, such overlapping customers' years of relationship with us were approximately one to five years, one to seven years, one to ten years, and one to 19 years, respectively.

Our property services and community living services also benefit each other. While providing property services, we will try to evaluate residents' need for community living services, such as our offline retail stores, which may benefit our decision-making in terms of opening or closing stores. In turn, our community living services may also provide valuable insights for our property services. For example, we may identify new demand for property services by observing the behaviour style of community residents or communicating with them when they are shopping with us, many of whom are customers of our community living services. For each of FY2021, FY2022, FY2023 and FY2024, our revenue from community living services generated from properties managed by us accounted for 43.2%, 49.4%, 46.7% and 39.1% of the total revenue generated from community living services, respectively.

During the Track Record Period, we have provided services under different business segments on the same underlying properties/projects. For each of FY2021, FY2022, FY2023 and FY2024, there were 27, 27, 30 and 36 properties/projects which we have provided two or more types of services under our three major business segments. We may, on the request of our customers, provide our IS integration solution services in parallel with our property management services. For each year of the Track Record Period, there were, 14, 15, 11 and 14 projects which we have provided such services to our customers.

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The following tables set forth the revenue breakdown of each of our Group's principal business, source of revenue and by geographical location during the Track Record Period:

| | For the year ended 31 December | | | | | | | |
| | 2021 | | 2022 | | 2023 | | 2024 | |
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
IS integration solution services	**165,635**	**25.6**	**458,139**	**46.8**	**535,304**	**48.0**	**502,318**	**45.1**
— Communities services	126,708	19.6	352,694	36.0	130,976	11.7	80,773	7.3
— Governance services	19,770	3.1	14,245	1.5	48,004	4.3	186,754	16.8
— Parks services	10,516	1.6	44,946	4.6	347,943	31.2	211,836	19.0
— Other IS integration solution services	8,641	1.3	46,254	4.7	8,381	0.8	22,955	2.0
Property services	**359,459**	**55.5**	**416,800**	**42.5**	**450,355**	**40.4**	**478,961**	**43.0**
— Property management services	326,355	50.4	380,205	38.8	407,376	36.5	434,758	39.0
— Property value-added services	33,104	5.1	36,595	3.7	42,979	3.9	44,203	4.0
Community living services	**77,766**	**12.0**	**79,012**	**8.1**	**94,246**	**8.4**	**116,948**	**10.5**
— New retail	33,806	5.2	40,045	4.1	55,958	5.0	72,255	6.5
— Catering services	43,960	6.8	38,967	4.0	38,288	3.4	44,693	4.0
Others (Note)	**44,514**	**6.9**	**25,700**	**2.6**	**35,559**	**3.2**	**15,562**	**1.4**
Total	**647,374**	**100.0**	**979,651**	**100.0**	**1,115,464**	**100.0**	**1,113,789**	**100.0**

Note: Others primarily include sales of hardware and software, facilities repair services and rental income.

| | For the year ended 31 December | | | | | | | |
| | 2021 | | 2022 | | 2023 | | 2024 | |
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
IS integration solution services	**165,635**	**25.6**	**458,139**	**46.8**	**535,304**	**48.0**	**502,318**	**45.1**
— Ruiyuan Group Connected Persons	19,800	3.1	28,386	2.9	6,759	0.6	48,057	4.3
— Independent Third Parties	145,835	22.5	429,753	43.9	528,545	47.4	454,261	40.8
Property services	**359,459**	**55.5**	**416,800**	**42.5**	**450,355**	**40.4**	**478,961**	**43.0**
— Ruiyuan Group Connected Persons	21,441	3.3	20,724	2.1	22,239	2.0	20,304	1.8
— Independent Third Parties	338,018	52.2	396,076	40.4	428,116	38.4	458,657	41.2
Community living services	**77,766**	**12.0**	**79,012**	**8.1**	**94,246**	**8.4**	**116,948**	**10.5**
— Ruiyuan Group Connected Persons	12,122	1.9	4,908	0.5	8,015	0.7	6,925	0.6
— Independent Third Parties	65,644	10.1	74,104	7.6	86,231	7.7	110,023	9.9
Others	**44,514**	**6.9**	**25,700**	**2.6**	**35,558**	**3.2**	**15,562**	**1.4**
— Ruiyuan Group Connected Persons	11,045	1.7	8,113	0.8	8,382	0.8	8,109	0.7
— Independent Third Parties	33,469	5.2	17,587	1.8	27,176	2.4	7,453	0.7
Total	**647,374**	**100.0**	**979,651**	**100.0**	**1,115,464**	**100.0**	**1,113,789**	**100.0**

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| | For the year ended 31 December | | | | | | | |
| | **2021** | | **2022** | | **2023** | | **2024** | |
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
IS integration solutions and construction	**165,635**	**25.6**	**458,139**	**46.8**	**535,304**	**48.0**	**502,318**	**45.1**
— Qingdao City	16,171	24.9	407,746	41.6	294,635	26.4	221,506	19.9
— Other cities in Shandong Province	4,132	0.6	41,593	4.3	222,629	20.0	91,452	8.2
— Others *(Note)*	332	0.1	8,800	0.9	18,040	1.6	189,360	17.0
Property services	**359,459**	**55.5**	**416,800**	**42.5**	**450,355**	**40.4**	**478,961**	**43.0**
— Qingdao City	291,140	45.0	322,230	32.9	372,505	33.4	398,219	35.8
— Other cities in Shandong Province	33,795	5.2	34,113	3.4	39,772	3.6	42,585	3.8
— Others *(Note)*	34,524	5.3	60,457	6.2	38,078	3.4	38,157	3.4
Community living services	**77,766**	**12.0**	**79,012**	**8.1**	**94,246**	**8.4**	**116,948**	**10.5**
— Qingdao City	76,407	11.8	77,339	7.9	94,077	8.4	116,941	10.5
— Other cities in Shandong Province	177	0.0*	596	0.1	169	0.0*	7	0.0*
— Others *(Note)*	1,182	0.2	1,077	0.1	—	—	—	—
Others	**44,514**	**6.9**	**25,700**	**2.6**	**35,559**	**3.2**	**15,562**	**1.4**
— Qingdao City	43,803	6.8	14,544	1.5	30,091	2.7	15,536	1.4
— Other cities in Shandong Province	436	0.1	11,053	1.1	5,459	0.5	1	0.0*
— Others *(Note)*	274	0.0*	103	0.0*	9	0.0*	25	0.0*
Total	647,374	100	979,651	100	1,115,464	100	1,113,789	100.0

Note: Others primarily include Guangdong Province, Hunan Province, Hainan Province, Zhejiang Province, Hebei Province, Hubei Province, Jiangxi Province and Jiangsu Province.

* *represents rounding difference*

A. IS INTEGRATION SOLUTION SERVICES

Our IS integration solution services are primarily applied to the construction of smart cities. As a service provider of IS integration solutions, we focus on the customisation of our customers' information system design and business-specific systems catering for their needs along with hardware and equipment procurement, installation and implementation, and system commissioning. We typically purchase hardware from external suppliers, develop software internally through our R&D department, and then integrate hardware and software and outsource the installation work to subcontractors (under our supervision) to deliver the relevant IS integration solutions.

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Our services enable the intelligent deployment and management of different urban settings including communities, governance, parks, and other areas of smart cities development:
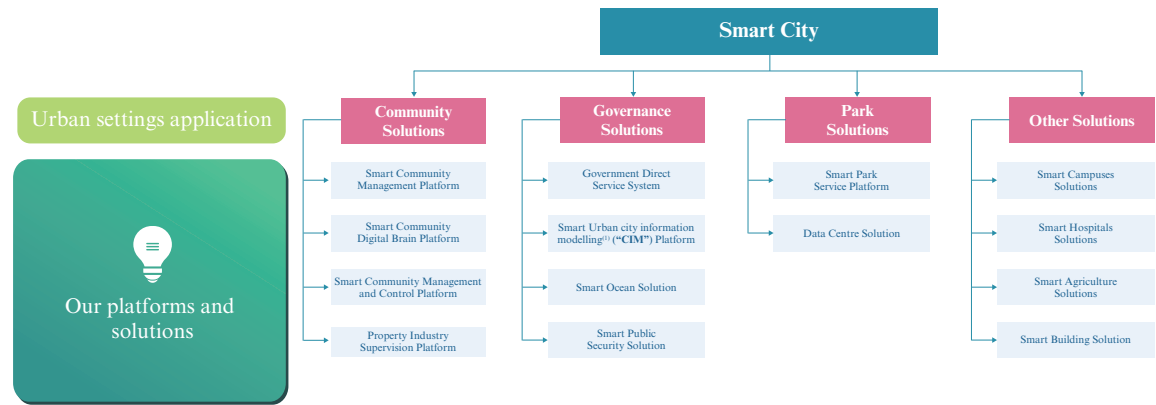
The chart below illustrates our general operational flow of a project in the provision of IS integration solution services:
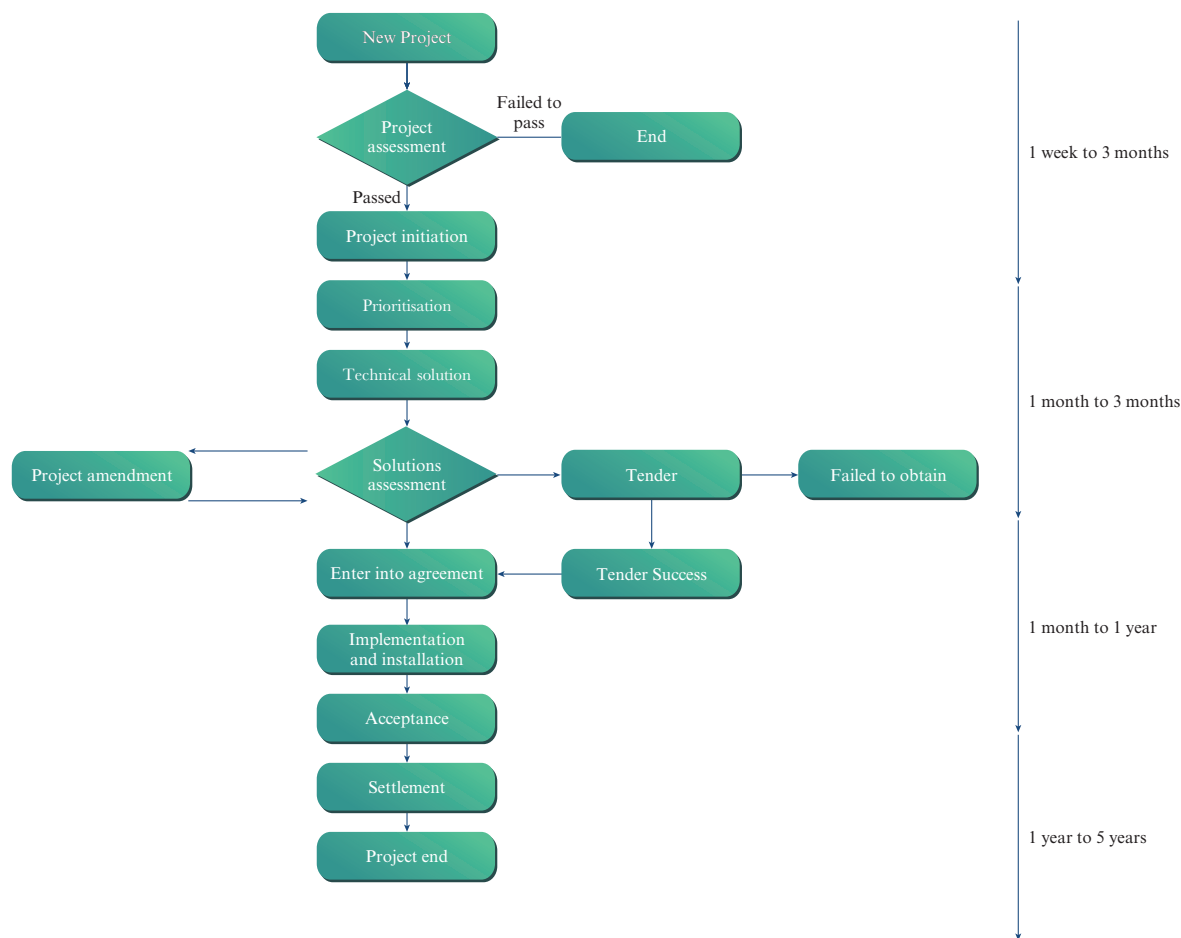
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As illustrated by the flowchart above, firstly we will conduct a preliminary assessment on a new project opportunity to decide whether to proceed, which normally takes one week to three months. If we decide to proceed, we will prepare the relevant technical solutions based on the project prioritisation and participate in the tendering process accordingly, which normally also takes one to three months. If we obtain the project, we will enter into the relevant agreement, and proceed to the project implementation, installation and acceptance, which normally takes one month to one year. After the project acceptance is completed, the payment settlement normally takes one to five years.

Our IS integration solution services typically involves initial project design, engineering implementation and management, hardware procurement and installation, software development and planning, among other stages. The engagement generally includes software customisation and development, procurement and integration of equipment related to front-end perception and network transmission.

The success of our IS integration solution service projects also requires the support of other business partners. At the stage of hardware procurement and installation, the front-end equipment suppliers provide high-quality front-end sensing equipment for collecting data with higher visibility and precision, and at the stage of software development and planning, the server suppliers offer robust servers, which form the core components of our IT infrastructure and save and process key data. We also cooperate with subcontractors for equipment installation, who are capable of finishing the task with lower costs due to their economies of scale. At the stage of acceptance, software testing companies help test the reliability of software to address any bugs and errors, and information security level protection evaluation companies will evaluate the security of information systems.

We normally receive payments from our customers and pay fees to our suppliers and subcontractors based on the milestone as pre-agreed on the relevant agreements between such parties and us. Therefore, the payments we receive and fees we pay at each stage depend on the specific milestone arrangements as stipulated in the relevant agreements. Please refer to the section headed "Business — A. IS Integration Solution Services — Our IS integration solution services — Key terms of contracts" for more details.

Our IS integration solution services

We are a service provider of IS integration solutions. Our role in the IS integration solution services is to focus on the customisation of information system design and business-specific systems catering for our customers' needs along with hardware and equipment procurement, installation and implementation, and system commissioning. The application of our IS integration solution services can be used for different urban settings and are aimed for different target users. Our installation and implementation, and system commissioning services include the installation and implementation of relevant hardware and equipment, such as servers and sensors, and the adjustment of different software systems to ensure compatibility. During the Track Record Period, we primarily provided our services for

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communities, governmental properties and industrial parks. The below is a chart illustrating our role in an IS integration solution project:

Our Customers

| Types: | Governmental departments, property management companies, park operators and etc. |
| Their needs and requirements: | Customers generally require hardware and software systems that work together seamlessly, improve efficiency of their operation and management, ensure accurate information, user-friendly, customisable, and with ongoing support |

Our R&D and solution assessment

We will discuss with customers to understand their requirements and will plan for the layout and software and hardware required for the customisation of the system

Our R&D team will tailor the software required to cater for the customers' need and for different urban settings leveraging AI systems and big data. The AI and big data systems are trained by federated learning to adapt to different application scenarios

Our Suppliers

We typically purchase from outside suppliers hardware and equipment, such as servers, switches, power distribution units and apsara stack appliances which are compatible with our self-developed software to be applied to different urban settings. Please refer to the section headed "Business — Research and Development" for more details of our development of software.

Our Subcontractors

Subcontractors are engaged mainly for installation work where the hardware and equipment will be installed at designated places and connected to our self-developed software

Our integration work

Our IS integration solutions involve combining our self-developed software, with compatible hardware and equipment and the installation work from our subcontractors to improve operation and management efficiency and collaboration for our customers at designated places.

- Hardware Integration: We use devices like servers to connect various hardware components, allowing them to communicate with each other and function with our software. Such hardware components include, among other things, various cameras and sensors, and facial recognition door lock devices.

- Software Integration: We ensure that different software systems developed by us are compatible to each other and will work together to exchange information.

- Information Integration: The information is typically collected by hardware and is well structured and stored in a secured manner. The operation of software systems will use and process such information as collected by hardware, which may vary by the different uses of various integration solutions. This whole process and the relevant information collection are operated by our customers who actually use the integrated solutions, instead of us.

Please refer to the following paragraphs for the details of our value propositions throughout the entire business process.

Communities

Governance

Parks

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As illustrated by the flowchart above, we typically purchase hardware from external suppliers and develop software internally by our R&D department, and then integrate hardware and software and outsource the installation work to subcontractors (under our supervision) to deliver the relevant IS integration solutions.

Our value proposition is throughout the entire business process with a focus on the advancement of technology, rich experience and sophisticated insights required for software development as well as the integration of hardware and software:

● **Software:** We typically apply our self-developed software to our IS integration solutions, which demonstrates our core value proposition. Our R&D team would tailor the software required to cater for the customers' needs and for different urban settings leveraging AI and big data systems. The AI and big data systems are trained by federated learning to adapt to different application scenarios through machine learning, by which our systems will recognise patterns, make decisions and improve performance over time. Our advanced software development technology is essential and indispensable to the success of this process. Our prioritization on research and development and continuous investments in technologies have helped us accumulate technologies suitable for various business scenarios, driving the development of new software based on forward-looking market insights. As for our key achievements on software development, please refer to the section headed "Business — Research and Development" for more details. As for certain highly standardised software products, we may purchase them from external suppliers but would also tailor the products as appropriate based on customers' specific needs.

● **Hardware:** Although we typically purchase hardware (such as servers, switches, power distribution units and apsara stack appliances) from external suppliers, we implement a strict quality control system to ensure the quality of the hardware and to ensure compatibility with our software, which demonstrates our value proposition in terms of hardware. Normally we would conduct a comprehensive background check on various potential suppliers, which forms the basis for us to shortlist candidates. Then we require the selected candidates to provide sample products for testing, and would make the final decision based on such testing results. Upon receipt of the supplied products, we would also conduct acceptance quality check based on a detailed checklist. Moreover, we require suppliers to provide a warranty period, during which the suppliers are responsible for free repair and maintenance services if needed.

● **Integration of Hardware and Software:** Our effective integration of hardware and software is crucial to the efficient operation of the ultimate solutions, which is also our core value proposition. A key challenge for our customers is to set up a comprehensive and complex smart system which requires sophisticated technical expertise, even if they already have the relevant hardware and software on hand. For example, they may purchase a smart lock and the underlying software, but are unable to integrate such hardware and software into a comprehensive high level smart management system which can monitor and manage the whole community or park based on not only smart locks, but also other hardware and software products such as sensors, cameras and data analytics software. The operation of such comprehensive system is much more efficient than the separate operation of individual hardware or software products.

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- **Installation:** We mainly engage subcontractors for equipment installation, who are capable of finishing the task with lower costs due to their economies of scale. However, we also make contributions by setting protocols and/or guidelines for subcontractors to ensure high quality services, and monitoring and assessing their performance regularly.

The below is a breakdown of revenue generated from the IS integration solution segment by types of customers:

	For the year ended 31 December							
	2021		2022		2023		2024	
		% of revenue from IS integration solution segment		*% of revenue from IS integration solution segment*		*% of revenue from IS integration solution segment*		*% of revenue from IS integration solution segment*
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Governmental departments	109,329	66.0	324,002	70.7	113,406	21.2	37,151	7.4
State-owned enterprises	24,492	14.8	30,601	6.7	145,304	27.1	324,759	64.7
Private enterprises	31,004	18.7	102,482	22.4	276,310	51.6	138,396	27.5
Public institutions *(Note)*	555	0.3	1,030	0.2	284	0.1	1,938	0.4
Others	255	0.2	24	0.0*	—	—	74	0.0*
Total	**165,635**	**100.0**	**458,139**	**100.0**	**535,304**	**100.0**	**502,318**	**100.0**

* *represents rounding difference*

Note: Public institutions primarily include hospitals and campuses.

During the Track Record Period, we have also provided IS integration solution services to other property management companies who compete directly with our Group, and the sales to these entities amounted to RMB0.3 million, RMB1.4 million, RMB1.0 million and RMB2.2 million for each year of the Track Record Period, respectively. The majority of these sales were generated from the sales of hardware and maintenance services.

Backlog of our IS integration solution services projects

Backlog refers to our estimate of the contract value of work that remains to be completed as of a certain date subject to, among others, fluctuation in cost of materials and labour costs. The contract value represents the amount that we expect to receive under the terms of the contract, assuming the contract is performed in accordance with its terms.

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The following tables set forth the movement of (i) contract amount and revenue generated; and (ii) number of projects for our IS integration solution services during the Track Record Period:

	For the years ended 31 December			
	2021	2022	2023	2024
	(Contract amount in RMB'000)			
Outstanding contract amount as at the beginning of the year/period	**42,880**	**957,329**	**666,490**	**581,220**
— Ruiyuan Group Connected Persons	81	5,684	72,234	82,605
— Independent Third Parties	42,799	951,645	594,256	498,615
Add: Additional contract amount secured during the year/period	**1,080,084**	**167,300**	**450,034**	**357,555**
— Ruiyuan Group Connected Persons	19,098	73,611	15,329	12,352
— Independent Third Parties	1,060,986	93,689	434,705	345,203
Less: Revenue recognised during the year/period	**(165,635)**	**(458,139)**	**(535,304)**	**(502,318)**
— Ruiyuan Group Connected Persons	(13,495)	(7,061)	(4,958)	(48,057)
— Independent Third Parties	(152,140)	(451,078)	(530,346)	(454,261)
Outstanding contract amount as at the end of the year/period	**957,329**	**666,490**	**581,220**	**436,457**
— Ruiyuan Group Connected Persons	5,684	72,234	82,605	46,900
— Independent Third Parties	951,645	594,256	498,615	389,557

The outstanding contract amount of our IS integration solution service projects decreased from RMB957.3 million as at 31 December 2021 to RMB666.5 million as at 31 December 2022, and further decreased to RMB581.2 million as at 31 December 2023, primarily due to the subsequent recognition of revenue from our high-value IS integration solution service contracts in particular our PPP project, which we obtained in 2021. Such amount further decreased from RMB581.2 million as at 31 December 2023 to RMB436.5 million as at 31 December 2024, mainly as our high-value IS integration solution service contracts were mostly completed in 2024. We expect the amount of revenue to be recognised in 2025, and 2026 and going forward based on the existing backlog and statuses of such backlog contracts as at 31 December 2024 to be RMB135.4 million and RMB185.1 million (excluding the finance income from the PPP project of RMB116.0 million), respectively. Our Directors are of the view that our Group has been able to obtain projects with higher contract value. Without taking into account the PPP project obtained in late FY2021, the average contract value of each of the new projects

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obtained by our Group had significantly increased throughout the Track Record Period except for FY2024 as we obtained more projects with relatively lower contract value during this year. This has demonstrated our Group's ability to handle large scale projects and has layed a solid foundation to obtain large scale projects in the future.

	For the years ended 31 December			
	2021	**2022**	**2023**	**2024**
	(Number of projects)			
Number of projects as at the beginning of the year	**30**	**31**	**26**	**24**
— Ruiyuan Group Connected Persons	8	12	15	9
— Independent Third Parties	22	19	11	15
Add: Additional number of projects secured during the year	**60**	**72**	**66**	**90**
— Ruiyuan Group Connected Persons	16	17	14	13
— Independent Third Parties	44	55	52	77
Less: Number of projects completed during the year	**(59)**	**(77)**	**(68)**	**(81)**
— Ruiyuan Group Connected Persons	(12)	(14)	(20)	(10)
— Independent Third Parties	(47)	(63)	(48)	(71)
Number of on-going projects as at the end of the year	**31**	**26**	**24**	**33**
— Ruiyuan Group Connected Persons	12	15	9	12
— Independent Third Parties	19	11	15	21

I. Communities services

The service targets for communities include property owners of communities, property management companies, town and street offices and governmental departments. These solutions provide downstream users with integrated information services such as smart community management platform, smart community digital brain system, and smart security community management and control platform, addressing their needs for community governance, property services, community safety, community management and community services.

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Details of the applications of our solutions are set out below:

Integrated solutions	Customer type	Our solutions	Results
Smart Community Management Platform (智慧社區管理平台)	Property management companies and governmental departments	• Installation of intelligent monitoring devices and networked alarm system to achieve security monitoring and alarm functions in the community • Provision of platform for community management services, which mainly includes the collection and management of community's data (housing, owners and vehicle management) and maintenance of corresponding intelligent hardware devices	Improve community management functions and enhance management efficiency
Smart Community Digital Brain System (智慧社區數字大腦系統)	Street service centre and community service centre	• Precisely acquiring the information and characteristics of the community and its real time status • Installation of multiple types of monitoring and capturing equipment for real-time viewing and management	Resolving community and neighbourhood data silos and time-lag in information management and future full-domain information of the community on one single screen
Security Community Management and Control Platform (安防社區管控平台)	Public Security Bureau	• Collection of dynamic information about people and vehicles through front-end sensing equipment • Leveraging big data for multi-dimensional data analysis, establishing data fusion, intelligent early warning and control and coordinated actions	• Seamless and pervasive collection of community information • Management of transient population • Key personnel monitoring • Maintenance of public order • Provide efficient police-citizen management approaches and explore new opportunities for convenient public services

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Integrated solutions	Customer type	Our solutions	Results
Smart Property Management and Operation Platform (物業管理運營平台)	Property management companies	• Utilise front-end sensory to collect information and connect various IoT devices through a unified platform	Promote informationalisation, flattened management and management our quality of services
Property Industry Supervision Platform (物業行業監管平台)	Property industry supervision authorities	• Comprehensive information collection and management • Events handling • Establishment of credit system for property enterprises	Enhancing the overall standards of the property industry by promptly addressing and resolving issues arising in the communities thereby strengthening the scrutiny of the quality of our property management services and improving the level of the intelligent management of our property

Application of technologies on our communities services

We are dedicated to delivering better services through advanced technologies such as IoT, AI, big data analysis and geographic information systems, the research and development of each of which involves the study of the business demand, technical design, coding, operation test, and the final deployment and installation. Our research and development activities also leverage smart technologies to optimize efficiency and achieve high quality. For example, we take advantage of our smart coding tool to streamline our coding process, which can automatically generate codes and functions based on the contexts as well as offering coding recommendations. Meanwhile, our coding review tool is capable of automatically checking the potential errors and bugs in the codes so as to improve the quality and readability of our codes.

By the integration of technologies, such as IoT, AI, big data analysis, in our communities services, we aim to foster a more sustainable and livable environment.

Internet of things (IoT): IoT technology plays a crucial role in enhancing community services by deploying sensors such as cameras, air quality monitors, and smart waste bins throughout neighborhoods. These devices continuously collect real-time data on various environmental factors and community activities. The gathered information is transmitted to centralised application systems for processing and analysis. This data-driven approach provides valuable insights that support effective management decisions, enabling local authorities to respond promptly to community needs, improve public safety, and optimise resource allocation.

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Artificial intelligence: We have been dedicated to continuously training and improving our AI model through federated learning, which enables us to address the community's daily needs and enhance public security protection. Meanwhile, federated learning allows us to follow our data privacy policies and prioritise data security in the process of data transmission and training. Please refer to the section headed "Business — Research and Development — Core Technology" for more details of the federated learning and the training of our AI model. Our AI technology enhances community services by improving efficiency, decision-making, and quality of life. It utilises predictive analytics to forecast trends in areas like traffic and public health, while AI-powered surveillance systems enhance public safety through real-time monitoring and behavior analysis. Additionally, AI facilitates energy management by recommending energy-saving measures and automating systems in community buildings. Personalisation through AI chatbots enhances citizen engagement by providing instant access to information, while health monitoring systems analyse data to identify public health trends. Overall, AI integration creates more responsive, efficient, and sustainable communities.

Our application of innovative technologies in our communities services solutions have also been recognised by various institutions and had earned us a number of awards and recognitions, for instance, our "5G Artificial Intelligence Digital Communities" (5G人工智能數字社區) was included in the Green Smart Residential Communities White List Product Library (綠色智慧住區白名單產品庫) by the National Smart Buildings and Residential Areas Digitalisation and Standardisation Technology Committee (全國智能建築及居住區數字化標準化技術委員會) in 2020, each of our West Coast Smart Community Software (西海岸智慧城市軟件) and Mingjia Kangcheng Smart Communities Management and Control Platform (名嘉康城智慧社區管控平台) was recognised as 2021 Provincial Big Data "Triple Excellence and Double Importance" Outstanding Big Data Products (2021年度省級大數據"三優兩重"優秀大數據產品) and 2021 Provincial Big Data "Three Excellencies and Two Priorities" Outstanding Big Data Application Cases (2021年度省級大數據"三優兩重"優秀大數據應用案例) by Shandong Big Data Association (山東省大數據協會), respectively.

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Case study for our communities services

Project name

Qingdao West Coast New Area Smart Communities and Smart Streets Project (青島西海岸新區智慧社區、智慧街區項目)
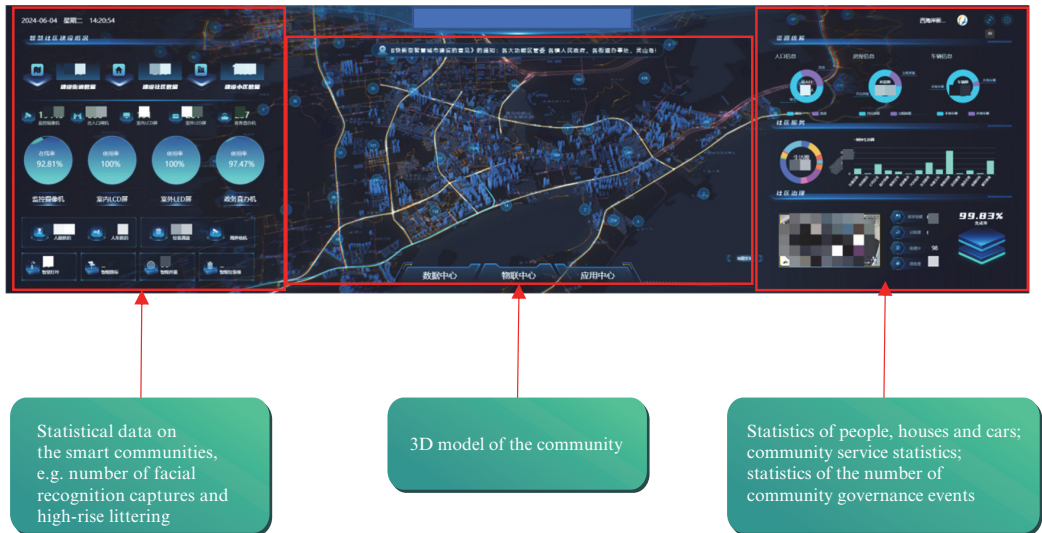
Customer

Industry and Information Technology Bureau of Qingdao West Coast New Area

Customer A's requirements

This project aims to "drive data, lead innovation, and create a new model for community management". It involves constructing front-end integrated intelligent hardware systems and software platform systems for communities in local area of Qingdao West Coast and establishing a comprehensive management service system for the community.

This system includes modules such as digital infrastructure, digital data dashboards, community services, community management, and community safety, forming a new paradigm for smart community development. The goals are to create a smart community characterised by multi-dimensional perception integration, proactive public security control and incident prevention, enhanced city management, community and street services, and eco-friendly community operations. This will facilitate the extension of urban management and governance to the community level and utilise technical capabilities for various committee and office applications to serve citizens of local area of Qingdao West Coast.

Our solutions

Statistical data on the smart communities, e.g. number of facial recognition captures and high-rise littering

3D model of the community

Statistics of people, houses and cars; community service statistics; statistics of the number of community governance events

Project timeline and results

Receipt of notification for successful bidding: December 2021

Entering into contract: December 2021

Delivery of project: January 2024

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Outcome of our communities services

By applying our communities services, we aim to provide our customers and users with the following experiences:

Improved Responsiveness: By integrating IoT and AI technologies, our communities services can quickly respond to safety alerts through 24-hour integrated camera monitoring, facial recognition and invasion alerts. In addition, such services achieve real-time monitoring and smart management of various community facilities, and can automatically identify the type, location and degree of emergency of such facilities' problems and immediately notify relevant staff to address them, thereby minimising downtime and improving service delivery.

Resource Optimisation: Our communities services are able to manage and allocate community resources efficiently by monitoring community facilities' operation status in real time with sensors and smart control systems. Based on data analysis, our communities services can predict the demand for and malfunction trend of facilities, and allocate facility resources accordingly.

Enhanced Decision-Making: Access to extensive and real-time data, including those related to resident behaviour and facility use, and relevant in-depth data analytics enable community managers to obtain a better understanding of the community's operation status and residents' demand, thereby making informed and reasonable decisions.

Time Savings: Through efficient information technologies and smart service process, our communities services offer more convenient and smooth service experience for residents. For example, residents can pay property management service fees through our smart mini programme and manage certain administrative approval application processes with our community integrated government service machines.

Increased Safety: Our communities services can achieve all-round community security monitoring with high-definition cameras. Leveraging IoT, AI and big data technologies, our communities services can effectively prevent the trespass of uninvited people through face and vehicle recognition to ensure residents' personal and property safety.

Sustainable Development: Our communities services are dedicated to facilitating low-carbon, environment-friendly and sustainable development through a series of measures such as waste sorting and energy-saving lighting. Moreover, our communities services adopt an inclusive service model to encourage residents' active participation in community management to develop a sustainable management strategy.

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Value proposition of our communities services

Our value proposition for communities services spans the entire business process typically including the hardware purchase, software development, hardware and software integration, and installation. For example, in the Lianhuawan Smart Construction Project, we purchased hardware such as cameras, switches and smart locks, and ensured the quality of such hardware by implementing our strict quality control policies. In terms of software, we applied our self-developed software platforms with a range of capabilities such as remote visitor appointment, security monitoring and alert. In order to deliver the final IS integration solution product, we integrated the hardware and software and ensured they were compatible with each other and operated smoothly as an integrated system. Although we engaged subcontractors to finish the installation work, we assigned our quality control staff to supervise and monitor the subcontractors' work to avoid quality issues.

II. *Governance services*

Our governance services include the practical implementation and provision of public services of a smart government. It combines our R&D on systems and products where we leverage technologies like cloud computing, big data, IoT, and AI to monitor, integrate, analyse and provide response, thus achieving a comprehensive integration of resources across different governmental departments and applying these technologies on our products which are utilised by target users of our customers. The aim is to improve the efficiency of government operations and management, while also enhancing functional supervision.

During the Track Record Period, we mainly provided governance services for governmental bodies through our self-developed solution platforms, namely, Government Direct Service System (政務直辦系統), Smart Urban Management CIM platform solution (智慧城管CIM平台解決方案), Smart Ocean Solution (智慧海洋解決方案) and Smart Public Security Solution (智慧派出所解決方案). Details of the application of the platforms and relevant products development by us are set out below:

a. *Government Direct Service System (政務直辦系統)*

The system primarily targets administrative approval service bureaus, market supervision bureaus, street offices, and other units. It utilises technologies such as cloud computing and real-time streaming communication to establish a "cloud meeting" channel for the government departments and citizens. Through this platform, government department officers can guide citizens through remote handling of their affairs via video connections and remote desktop sharing. Citizens can enjoy various service modes such as self-service (自辦), assisted service (幫辦), proxy service (代辦), collaborative service (共辦), and referral service (轉辦). The system terminals can be deployed in towns, communities, villages, enterprise parks, commercial areas, etc.. They provide remote business processing functions for government officials and self-service machine functions for citizens.

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Such system comprises mini programmes and software platform which are targeted for different users in the system and are inter-connected. The below diagram illustrates how the government direct service platform link up citizens and service personnel from different government departments:
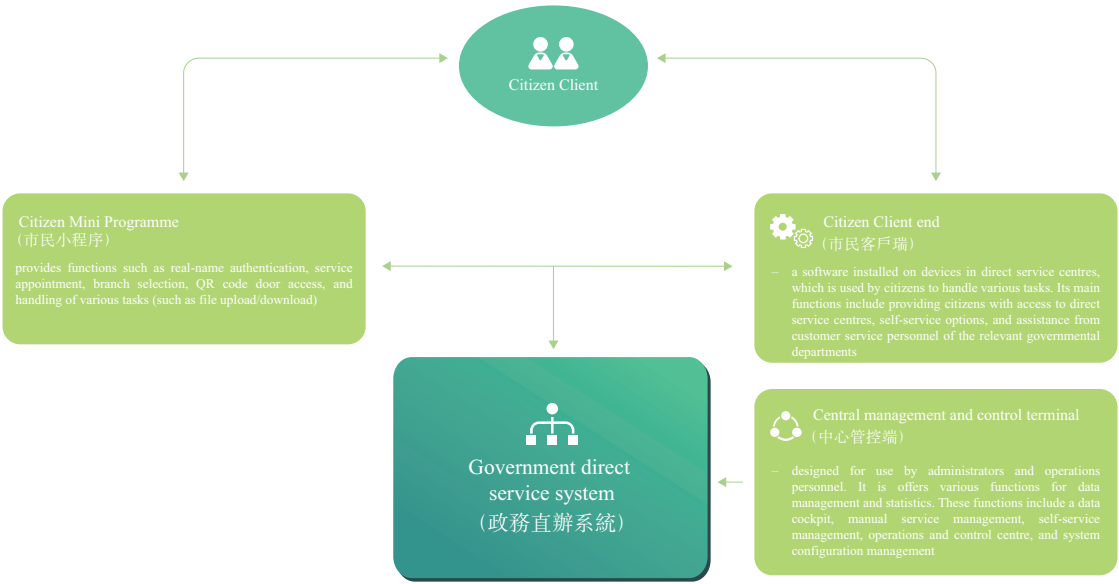
The below is an interface of our platform and its functions:

Interface of our government direct service system platform

To facilitate the use of the government direct service system and to create a convenient and quality user experience, our R&D team have designed a series of products to allow citizens to conduct their affairs through designated areas in the community. In particular, two of our self-developed products, namely, the enclosed government service rooms and integrated government service machines, are located in convenient locations for citizens to have access to governance services. These machines are equipped with the government direct service systems to facilitate the services provided to citizens at different communities.

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Our enclosed government service rooms


Our integrated government service machines

b.　*Intelligent Urban Management CIM Platform（智慧城管CIM平台）*

The Intelligent Urban Management CIM Platform primarily targets city management bureaus and municipal administration users in various regions. It applies technologies such as 3D visualisation, satellite remote sensing interpretation, video structuring analysis, and IoT intelligent hardware to establish front-end IoT intelligent devices and intelligent vision data perception devices. It integrates multi-frequency and wide-dimensional perception data with real-time urban spatial and geographical information, constructing a high-resolution spatiotemporal data perception network. This platform assists government departments with management functions in making intelligent, efficient, and precise decisions.

Based on the IoT perception infrastructure, the platform builds a high-precision urban spatiotemporal perception network, enabling the acquisition of high-frequency, multi-dimensional, and fine-resolution spatiotemporal data from multiple sources. It dynamically and in real-time perceives and precisely locates urban issues and management subjects' behaviours. This enhances the perception capabilities of urban managers regarding urban issues, transforming ad hoc management into normalised management. It promotes the shift of urban management work from static to dynamic, and from lagging behind to timely, helping to transform traditional passive city management models into a proactive and positive approach.

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Details of the major systems of the Intelligent Urban Management CIM Platform are illustrated below:
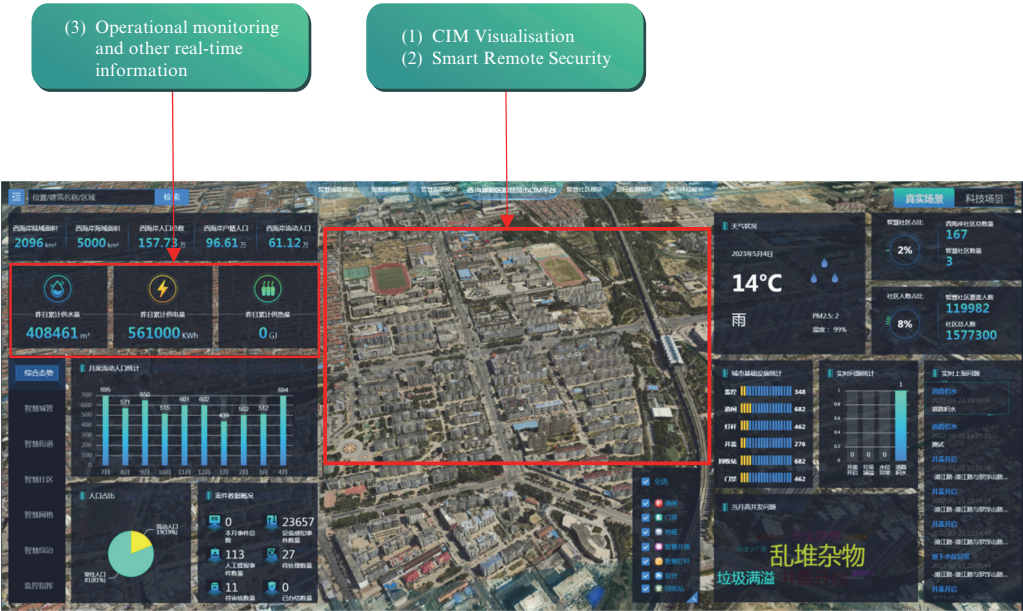
Interface of our Intelligent Urban Management CIM Platform

Functions of the different systems on the platform

(1) **CIM Visualisation:** Immersive three-dimensional experience which allow a comprehensive representation of its panoramic view and surface elements. This enables accurate queries of the target area and facilitates intelligent planning and management of the area.

(2) **Smart Remote Sensory System:** Utilise satellite remote sensing data to perform satellite image comparisons, monitor changes on buildings and urban greenery and promote fine grained intelligent city management.

(3) **Operation Monitoring:** Monitor population, vicinity, environmental and demands within the area to breakdown data silos in order to achieve comprehensive, dynamic, and real-time digital perception of community spaces.

c. *Smart Ocean Solution（智慧海洋解決方案）*

Our Smart Ocean Solution, with marine ecological protection and restoration as the core, has both social service and management service functions, and fully utilises the new generation of information technologies such as big data, IoT, AI and digital twins, etc., to realise real-time monitoring and effective management of the whole process of marine ecological restoration on islands, provide real-time alerts for illegal activities, forest fires and geological disasters, and improve the level of intelligent protection and management of the nature reserves. It also offers various services, including the dissemination of ecological restoration results, marine information services, island "cloud tourism" services, as well as the promotion of

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ecological protection awareness and initiatives for sea islands. Our Smart Ocean Solution mainly includes comprehensive management and control system for marine ecological protection and restoration, marine ecological control application, portal system, a mini programme and intelligent management and control platform.

System modules	Functions
Comprehensive management and control system for marine ecological protection and restoration	a comprehensive tool integrating monitoring, alerts, restoration and assessment, which collects relevant data and information through the front-end sensing system, integrates the marine ecological monitoring and protection and restoration data of the island in a unified and real-time manner, and dynamically displays the distribution and restoration protection status of the island's marine ecosystems on a map of the whole island. The comprehensive management and control system will activate the alerts mechanism when abnormal conditions are detected.
Marine ecological control application	a mobile platform that integrates functions such as video surveillance, water quality monitoring, environmental monitoring and alerts reporting.
Portal system and mini programme	Integrate marine forecast platforms, meteorological bureaus, and other marine warning data through a unified service portal to provide the public with information on marine meteorological disasters and more. Additionally, showcase Lingshan Island's natural and cultural scenery, highlight the achievements of marine ecological protection and restoration on Lingshan Island, and serve as an educational and promotional tool.
Intelligent management and control platform	a comprehensive platform integrating data applications, forest fire detection, ecological protection, green economy, and ecological patrols, which can summarise and analyse information such as air environment quality monitoring, marine seawater quality testing, and data on wildlife and plant resources within the region. This platform can provide a scientific basis for environmental and ecological protection efforts, and through monitoring and early warning systems, promptly identify and address potential fire risks to ensure forest safety.

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Interface of our Marine Ecological Protection and Restoration Management Platform

d.   Smart Public Security Solution（智慧派出所解決方案）

The Smart Public Security Solution primarily aims to provide system integration services to local office of police stations. By implementing intelligent modules such as a comprehensive command centre, smart pedestrian channels, integrated service windows, self-service kiosks, self-service photo-taking for ID cards, information display screens, conference systems, and intelligent equipment cabinets, it achieves the requirements of facility IoT integration and office intelligence for police stations. In terms of operational command, the solution utilises data analysis and visual analysis to integrate and display law enforcement data, enabling comprehensive management and command of public security in the jurisdiction.

Systems	Functions	
Comprehensive Command Centre for Police Operations (勤務綜合指揮室)	• use of command and dispatch tablet offers interactive control functionalities such as image display, video preview, and image roaming, providing enhanced flexibility in operational control. It enables multiple devices, including smartphones, computers, tablets, and large LED or LCD screens, to display the same content simultaneously, facilitating interactive display	
Self-Service Kiosk (自助服務一體機)	• the platform offers self-service functionalities for household registration, traffic police, and immigration services. It expands the service availability to all day and all night at all times, thereby comprehensively enhancing the local office's capacity to provide services to the public	

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Systems	Functions
Self-Service ID Card Photo-taking (身份證自助照相)	• innovative self-service photo-taking device utilises a camera with automatic elevation adjustment. It incorporates user-friendly voice prompts, text instructions, and visual instructions throughout the entire process. • the system automatically recognises and guides the individual being photographed in real-time to adjust their head position, body posture, and eye gaze • it also automatically adjusts the camera's exposure, brightness, and contrast to capture the best digital image possible • ensuring a seamless and efficient photo-taking experience with optimal results
Smart Equipment Cabinet	• Attaching an RFID electronic tag to the equipment and utilise smart terminal devices such as deployment of RFID handheld devices, integrated workstations, and intelligent cabinets or shelves with built-in RFID modules • enabling wireless radio frequency communication, allowing for contactless two-way communication and facilitating target identification and data exchange

Application of technologies on our governance services

Geographic information system (GIS): Geographic Information Systems (GIS) are essential to governance services as they provide visual interfaces that display spatial data in an easily interpretable map format. This technology allows government departments and/or users to visualise important information, such as population density, infrastructure distribution, and service access points, through features like point mapping, area delineation, and trajectory tracking. For example, GIS can help identify areas in need of public services, such as healthcare or education, by visualising service gaps and resource allocation. Additionally, GIS facilitates urban planning by enabling data-driven decision-making, allowing planners to assess the impact of proposed developments or policies on different communities. By integrating GIS into governance, government departments and/or users can enhance transparency, improve public engagement, and promote more efficient and effective management of urban resources.

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Outcome of our governance services

By applying our governance services, we aim to provide our customers and users with the following experiences:

Integrated Service Experience: Capitalising on our innovative facilities such as integrated government service machines and self-service kiosk, we are able to provide our customers and users with integrated governance services. Such integration enables them to handle a variety of administrative matters in one go, which helps save time and improve experience.

Enhancing the standard of public convenience services: Our governance services focus on simplifying procedures and reducing the steps for residents in handling government affairs, thereby increasing convenience.

Streamlined Service Process: Our governance services target to eliminate the unnecessary steps in the traditional governance service process. For example, our self-service ID card photo-taking can help reduce the wait time for photo-taking, which is much longer where a third-party service provider is responsible for the photo-taking.

Value proposition of our governance services

Our value proposition for governance services spans the entire business process typically including the hardware purchase, software development, hardware and software integration, and installation. For example, in the Smart Police Monitoring System Construction Project (Phase II), we purchased hardware such as cameras, tablets and server hardware, and ensured the quality of such hardware by implementing our strict quality control policies. In terms of software, we applied our self-developed software platforms with a range of capabilities such as remotely managing front-end hardware equipment. In order to deliver the final IS integration solution product, we integrated the hardware and software and ensured they were compatible with each other and operated smoothly as an integrated system. Although we engaged subcontractors to finish the installation work, we assigned our quality control staff to supervise and monitor the subcontractors' work to avoid quality issues.

III. Parks services

Oru parks services refer to the integration of technologies into the management and operation of parks to enhance the visitor experience and improve overall park efficiency. These services include features like applications that provide real-time information about park amenities and events. By leveraging data-driven insights, parks services promote sustainability, streamline operations, and foster community engagement, ultimately creating more functional urban spaces.

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a.   Smart Parks Solution（智慧園區解決方案）

We provide our customers with our self-developed Smart Industrial Park Solution, which is designed for various industrial parks, software parks, entrepreneurial parks and other office spaces with high population density. It utilises technologies like video structuring, facial recognition, and vehicle identification to enable facial recognition management at entrances and key areas, control over vehicle identification, real-time tracking and management of video surveillance targets, intelligent warning management for potential risks, and security situation analysis of key areas. These functionalities support the intelligent management and prevention/control measures of the parks.

The Smart Parks Solution is a combination of different systems with a diverse functionality, details of the major systems are illustrated below:

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Interfaces of Smart Parks Solution

Our Smart Parks Solution offers a range of functions to improve security, operational efficiency, resource management, and sustainability within a park environment. By integrating various technologies and data-driven approaches, it aims to create a smarter, safer, and more efficient park ecosystem.

b. Data Centre Solution

Data centre solutions provide design on digital computer room solution, preliminary design, detailed design, drawing design and related after-sales services, design of electrical systems, and design of HVAC systems (air conditioning and ventilation, etc.), design of weak current systems, design of fire protection systems, design of monitoring systems, design of outdoor line systems, etc..

Data Centre Solution also supports the setting up of an intelligent, automated and efficient smart operation and maintenance management system to achieve intelligent operation and maintenance of the computer room. This system can provide comprehensive monitoring, automatic diagnosis, predictive maintenance, and optimisation management of the information system, ensuring the stable, secure, and efficient operation of the information system. Additionally, it supports a flexible alarm mechanism, including web, email, WeChat, and other alarm methods, to promptly notify the responsible personnel and system operation and maintenance personnel, achieving integrated management and maintenance of equipment resources and end-to-end self-maintenance.

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Data Centre Solution (for illustrative purposes)

Application of technologies on our parks services

Artificial intelligence: We have been dedicated to continuously training and improving our AI model through federated learning. Please refer to the section headed "Business — Research and Development — Core Technology" for more details of the federated learning and the training of our AI model. Parks services increasingly leverage AI technologies, such as facial recognition, vehicle recognition, object detection, and behavior analysis, to enhance safety and operational efficiency of parks. For instance, AI can monitor visitor and vehicle activities in real time, providing alerts for any unusual behavior or events, thereby ensuring a secure environment for park-goers. Additionally, AI applications like Optical Character Recognition (OCR) and Natural Language Processing (NLP) can streamline administrative tasks, improving the efficiency of park management. By automating processes such as information retrieval and visitor feedback analysis, parks services can enhance communication and responsiveness. Ultimately, the integration of AI technologies not only bolsters safety measures but also optimises operations, creating a more dynamic and user-friendly park experience.

Geographic information system (GIS): Geographic Information Systems (GIS) play a vital role in parks services by providing visual interfaces that display spatial data in map formats. This includes features such as point mapping, area delineation, and trajectory tracking, which help users intuitively understand the spatial distribution of various elements within the park. For example, GIS can be used to visualise locations, making it easier for visitors to navigate the park. Additionally, GIS can track foot traffic patterns, enabling park management to identify popular areas and optimise maintenance schedules accordingly. By integrating GIS technology, parks services enhance user experience and operational efficiency, ensuring that resources are effectively allocated.

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Outcome of our parks services

By applying our parks services, we aim to provide our customers and users with the following experiences:

Optimised Operational Efficiency: Capitalising on integrated information technology, IoT, AI and big data, our parks services can help effectively consolidate various resources and optimise allocation. Based on a smart and holistic analysis of the flow of vehicles and people, our parks services can provide a comprehensive picture of the operational status of the parks, and contribute to informed and reasonable management decision-making leading to higher operational efficiency.

Efficient Information Management: our parks services provide advanced smart information systems to enable the parks to manage announcement release and customer information in a more efficient manner.

Enhanced Security Protection: Through camera monitoring, smart access control, security alerts and emergency response systems, our parks services can achieve all-round monitoring and management of the parks. In the case of any security incidents, our services are capable of prompt response to mitigate the potential security threats and risks.

IV. Other IS integration solution services

We also provide IS integration solutions for various smart city development sectors, including campuses, hospitals, buildings, and agriculture.

For example, in the campus sector, we offer one-click alarm system deployment services for important locations to local education bureaus, universities, middle schools, primary schools, and kindergartens. Within campuses, one-click alarm can be installed at key areas such as the main entrance, gardens, sidewalks within the campus, restaurant entrances, and staff dormitory entrances. Additionally, alarm boxes can be deployed in critical areas like lobbies and hallways of buildings, stairway corners, and dormitory corridors, creating a comprehensive and multidimensional security system to maintain campus order. Once the one-click alarm solution is implemented, in case of an emergency, pressing a single button will immediately transmit real-time surveillance video to the command centre, enabling prompt response to handle the situation and significantly enhancing the safety and management of campuses.

Our Smart Building Solution aims to enhance the intelligence level of buildings through the integration of modern technological tools and systems, such as IoT technologies, intelligent control, smart security systems and centralised integrated management systems, to create a more efficient, energy-saving, safe and comfortable office environment and to provide efficient and comprehensive services. Our self-developed smart elevator control system enables intelligent management of office building elevator systems and supports various elevator scheduling methods such as control cards, QR codes and passwords. Users can use pre-recorded facial recognition information to control elevators and access control systems and perform electric bike

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identification. Our Smart Building Solution provides customers with a full range of services from design and planning to construction and implementation, as well as subsequent operation and maintenance.

For other IS integration solutions, we provide real-time information and management platform of the community/area that our customer wishes to monitor and manage. With the use of our solutions, we can meet the needs of customers on digital management, thereby implementing a more efficient management on a comprehensive interface.
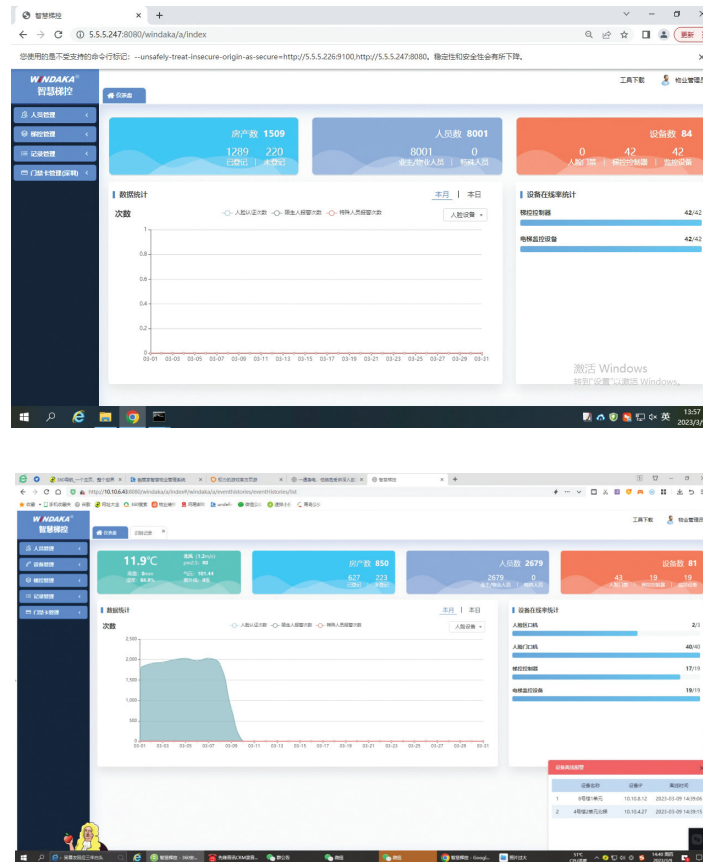

Photo of our smart campus product

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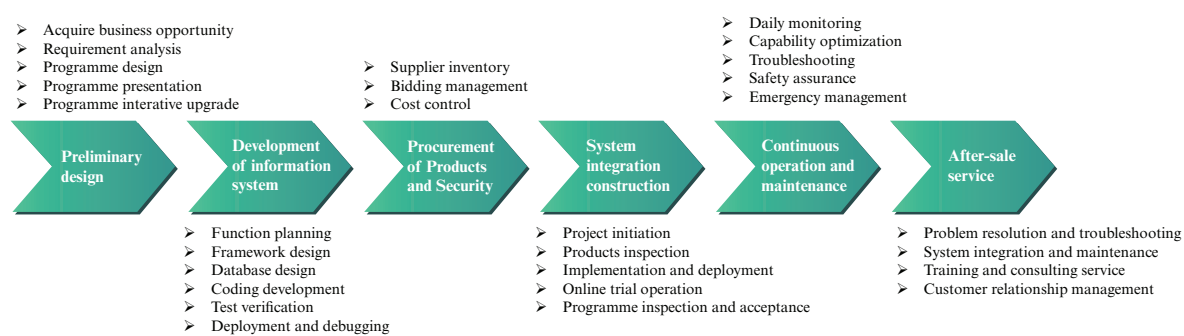

Interfaces of our Smart Building Solution

Interface of our Smart Agricultural Solution

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IS integration solution models

During the Track Record Period, we were mainly engaged as main contractor for a project. Under these projects, we provided a variety of services including solutions design and development, procurement, implementation and after-sales services to cater to the different needs of our customers, including governmental departments and enterprises. We normally cooperated with subcontractors for equipment installation, who are capable of finishing the task with lower costs due to their economies of scale.

The following flowchart illustrates details of our scope of work under an IS integration solution project:

➢ Acquire business opportunity
➢ Requirement analysis
➢ Programme design
➢ Programme presentation
➢ Programme interative upgrade

➢ Supplier inventory
➢ Bidding management
➢ Cost control

➢ Daily monitoring
➢ Capability optimization
➢ Troubleshooting
➢ Safety assurance
➢ Emergency management

| Preliminary design | Development of information system | Procurement of Products and Security | System integration construction | Continuous operation and maintenance | After-sale service |

➢ Function planning
➢ Framework design
➢ Database design
➢ Coding development
➢ Test verification
➢ Deployment and debugging

➢ Project initiation
➢ Products inspection
➢ Implementation and deployment
➢ Online trial operation
➢ Programme inspection and acceptance

➢ Problem resolution and troubleshooting
➢ System integration and maintenance
➢ Training and consulting service
➢ Customer relationship management

We would first understand the project requirements of the customers based on preliminary research findings and evaluates the feasibility of the project. Subsequently, we design an initial solution according to the customer's specific system installation requirements and objectives, complete the internal project initiation and review processes. After entering into a contract with the customer, we formulate a procurement plan for the hardware equipment and systems specified in the contract and inspect the relevant equipment upon receiving the relevant equipment and systems. For software systems, our R&D department will conduct R&D after thoroughly understanding the customer's needs. We will also organise corresponding R&D planning, development, testing processes and complete the integration, installation, and testing of hardware and software equipment, which is then followed by trial operation and final acceptance by the customers. During the implementation phase of the project, subject to the terms of the relevant contracts, we may engage subcontractors for installation work and such work are closely monitored by our project managers who would ensure the quality control aspect of the project as a whole. In general, it will generally take around one month to 12 months from we enter into an agreement with our customer to the acceptance of services.

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Key terms of contracts

The general terms of our contracts vary based on negotiations with our customers and the contract used or provided by them as well. General terms of our contracts include the following:

Key terms	Description
Scope of work	The contracts define the scope of our work which generally includes (i) solutions design and development, (ii) procurement of hardware equipment and systems; (iii) software development; (iv) implementation; and installation; and (v) maintenance and after-sales services.
Contract price	The contract sum of our agreements is mainly a lump sum fixed price, which is determined with reference to the tender price (if the project was obtained through tender).
Payment schedule	The payment schedule is generally as follows: (i) after the project commencement, payment will be made on a monthly basis according to the project progress; (ii) upon the project completion, up to 80% of the total contract price will be made; (iii) upon customers' confirmation on the project completion, up to 95% of the total contract price will be made; and (iv) the remaining amount of around 5% of the contract price will be made upon the expiration of the retention period.
Duration of projects	The project implementation period typically ranges from one to six months, the project acceptance period typically ranges from one week to one month, and the warranty period typically ranges from one to five years.
Retention period and fund	Retention period generally range from six months to 24 months with around 5% of the total contract value retended as quality assurance fund.
Project milestone	The milestone dates normally include, among others, commencement of design works, commencement of implementation works, commencement of maintenance works and completion of projects.

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Key terms	Description
Subcontracting	We may designate certain parts of the project (such as installation and implementation) to subcontractors provided that we have obtained the customers' confirmation on such arrangements. Subcontractor(s) is required to possess relevant qualifications to undertake the subcontracted work.
	We are responsible for the works of subcontractor(s) to the customers.
Project procurement	We are required to procure materials from suppliers selected through competitive approaches such as tender process.
Nature of maintenance and after-sale services	We may offer remote and/or onsite maintenance and support services to our customers. Maintenance work usually involve technical issue or require guidance as to the operation and management of the integrated system.
Quality assurance and warranty period	We generally provide maintenance service such as hardware repair and software updates and repair for a warranty period of usually one to five years starting from the date of acceptance of projects. Such maintenance services are normally free of charge except where the relevant damages or malfunctions are intentionally caused.
Completion	Services are generally regarded as completed on the completion date set out in the agreement and/or when we meet the requirements of the customers' assessments.
Termination clause	May vary from contract to contract — some examples include provisions for termination of agreement by customer upon material default by our Group and/or termination by either party upon events of force majeure.

Pricing policy

Our pricing policy aims to achieve a profitable and sustainable growth of our business. We generally determine the pricing of our services on a cost-plus basis, taking into account a combination of a number of factors, including but not limited to (i) nature and complexity of the services or software required; (ii) indicative price range specified by our customers in their invitation of tenders or request for quotations (as applicable); (iii) market demand and customer recognition of our services or products; (iv) prevailing market prices of similar services or software; (v) level of competition; and (vi) estimated costs of provision of services (such as material procurement costs and labour costs).

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After identifying prospective business opportunities, our management team, with the assistance of our project team and finance personnel, will make a preliminary assessment of a prospective project based on the above factors in order to either decide the contract price to propose to a customer or evaluate whether a contract price offered by a prospective customer is acceptable. During the Track Record Period and up to the Latest Practicable Date, five of our projects under our IS integration solution services were loss-making. All of the loss-making projects were recorded during FY2022 and the total amount of loss resulting from these projects were RMB0.4 million. Losses incurred for these IS integration solution services projects were due to various reasons that affected the profitability level of the relevant projects, including but not limited to, (i) the extension of project period which had caused an increase in cost; and (ii) one of our customers had been wound-up and as a creditor, we were paid less than the contract amount as agreed.

Revenue Recognition Policy of our IS Integration Solution Services

Our Group is contracted to provide tailor-made information system integration solutions to customers in the form of hardware equipment with embedded self-developed software, as appropriate that is delivered to the customer's designated place. For each of our communities, governance and parks services, we are usually engaged to provide hardware equipment with self-developed embedded software according to the relevant project agreements. Revenue is recognised at the point in time when the equipment is installed and accepted by the customer after the necessary testing and inspection. In cases where our Group provides customers with a licence to use software that is distinct from the hardware equipment, revenue is recognised at the point in time when the licence transfers and the customer is able to use and benefit from the licence. In cases where our Group provides after-sales and maintenance services in relation to the hardware equipment, revenue is recognised over the service period. In cases where our Group provides construction services, revenue is recognised over time and based on the proportion of the actual costs incurred relative to the estimated total costs.

According to Frost & Sullivan, the revenue recognition policy of our IS integration solution services is generally in line with industry norm, based on extensive research from reputable sources and industry reports with primary research through expert interviews, as well as rigorous cross-verification.

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Our top five IS integration solution projects

The below table sets out details of the top five projects by revenue recognised for each of the years during the Track Record Period we have undertaken:

FY2021

No.	Project description	Location	Identity and/or type of Customer	Type of Service Provided	Date of contract	Project duration (Note 6)	Contract value (including value-added tax) (RMB'000) (Note 1)	Payment term (Note 2)	Revenue recognised during the year (RMB'000)	Percentage of total revenue during the year (%)	Gross profit (in RMB'000) and Gross profit margin (in %) of the project during the year	Completion percentage as at the Latest Practicable Date (%) (Note 3)
1.	Smart Community Smart Street PPP Project	Qingdao City	Qingdao West Coast New Area Industry and Information Technology Bureau	Communities services	December 2021	10 years	1,050,818.8	Payment by stages up to 120 months	94,349	14.6	Gross profit: 36,916 Gross profit margin: 39.1	100.0 (Note 4)
2.	Kaitou Smart Building Project	Qingdao City	State-owned enterprise which engages in highway engineering	Parks services	August 2021	Within 1 year	10,462.0	Payment by stages	9,598	1.5	Gross profit: 1,603 Gross profit margin: 16.7	100.0
3.	Happy Town Project	Qingdao City	Ruiyuan Group	Communities services	June 2021	2 years	14,166.9	Payment by stages	9,455	1.5	Gross profit: 956 Gross profit margin: 10.1	100.0
4.	Laixi Social Governance Platform Project	Qingdao City	A state-owned enterprise which engages in telecommunication services	Governance	December 2020	Within 1 year	8,698.1	Payment by stages	7,471	1.2	Gross profit: 2,538 Gross profit margin: 34.0	100.0
5.	Ruiyuan Traditional Chinese Medicine Hospital Project	Qingdao City	Ruiyuan Group	Other IS integration solutions services	September 2021	Within 1 year	7,000.0	Payment by stages	6,305	1.0	Gross profit: 1,308 Gross profit margin: 20.8	100.0

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FY2022

No.	Project description	Location	Identity and/or type of Customer	Type of Service Provided	Date of contract	Project duration (Note 6)	Contract value (including value-added tax) (RMB'000) (Note 1)	Payment term (Note 2)	Revenue recognised during the year (RMB'000)	Percentage of total revenue during the year (%)	Gross profit (in RMB'000) and Gross profit margin (in %) of the project during the year	Completion percentage as at the Latest Practicable Date (%) (Note 3)
1.	Smart Community Smart Street PPP Project	Qingdao City	Qingdao West Coast New Area Industry and Information Technology Bureau	Communities services	December 2021	10 years	1,050,818.8	Payment by stages up to 120 months	316,551	32.3	Gross profit: 107,079 Gross profit margin: 33.8	100.0 (Note 4)
2.	Economic Development Zone AI Capability Innovation Center Procurement Project	Zibo City	A company engaged in the provision of technical services	Parks services	November 2022	Within 1 year	35,326.6	Payment by stages	31,555	3.2	Gross profit: 4,726 Gross profit margin: 15.0	100.0
3.	Ruiyuan Traditional Chinese Medicine Hospital Smart Construction	Qingdao City	Ruiyuan Group	Other IS integration solutions services	November 2021	1 year	22,409.0	Payment by stages	21,325	2.2	Gross profit: 6,922 Gross profit margin: 32.5	100.0
4.	Lianghe Road Pumping Station Project	Qingdao City	An engineering company owned by the municipal government	Parks services	April 2021	1 to 2 years	10,887.7	Payment by stages	9,660	1.0	Gross profit: 3,035 Gross profit margin: 31.4	100.0
5.	Intelligent Engineering Within the Scope of Drawings of the Second, Fourth and Fifth Bidding Sections of the 2022 Old Residential Area Environmental Improvement Project in Laixi City	Qingdao City	A company primarily engaged in the manufacturing of computers, communication devices and other electronic equipment	Parks services	July 2022	Within 1 year	10,305.0	Payment by stages	8,778	0.9	Gross profit: 2,103 Gross profit margin: 24.0	100.0

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FY2023

No.	Project description	Location	Identity and/or type of Customer	Type of Service Provided	Date of contract	Project duration (Note 6)	Contract value (including value-added tax) (RMB'000) (Note 3)	Payment term (Note 2)	Revenue recognised during the year (RMB'000)	Percentage of total revenue during the year (%)	Gross profit (in RMB'000) and Gross profit margin (in %) of the project during the year	Completion percentage as at the Latest Practicable Date (%) (Note 3)
1.	Weifang Cloud Computing General Contracting Project	Weifang City	A state-owned enterprise engaged in IT consulting services, digital contract production services and technical service and development	Parks services	September 2023	Within 1 year	214,671.6	Payment by stages	187,173	16.8	Gross profit: 56,167 Gross profit margin: 30.0	100.0
2.	Smart Community Smart Street PPP Project	Qingdao City	Qingdao West Coast New Area Industry and Information Technology Bureau	Communities services	December 2021	10 years	1,050,818.8	Payment by stages up to 120 months	106,173	9.5	Gross profit: 27,130 Gross profit margin: 25.6	100.0 (Note 4)
3.	Supercomputing Data Sharing Service Platform Construction Project	Qingdao City	A state-owned enterprise which engages in telecommunication services	Parks services	October 2023	Within 1 year	82,500.0	Payment by stages	73,009	6.5	Gross profit: 6,476 Gross profit margin: 8.9	100.0
4.	Qingdao Free Trade Area Big Data Computing Center Construction Project	Qingdao City	A state-owned enterprise which engages in telecommunication services	Parks services	November 2023	Within 1 year	58,803.6	Payment by stages	52,997	4.8	Gross profit: 8,789 Gross profit margin: 16.6	100.0
5.	Jimo Jinkou Video Big Data Center Project	Qingdao City	A company engaged in IT consulting services, technical services, technical development and consultation	Parks services	March 2023	Within 1 year	24,571.1	Payment by stages	21,744	1.9	Gross profit: 5,466 Gross profit margin: 25.1	100.0

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FY2024

No.	Project description	Location	Identity and/or type of Customer	Type of Service Provided	Date of contract	Project duration (Note 6)	Contract value (including value-added tax) (RMB'000) (Note 1)	Payment term (Note 2)	Revenue recognised during the year (RMB'000)	Percentage of total revenue during the year (%)	Gross profit (in RMB'000) and Gross profit margin (in %) of the project during the year	Completion percentage as at the Latest Practicable Date (%) (Note 3)
1.	Zhejiang Jinhua Computing Power Centre Project	Jinhua City	A state-owned enterprise engaged in telecommunication services	Parks services	October 2024	5 years	195,974.9	Payment by stages	157,226	14.1	Gross profit: 20,253 Gross profit margin: 12.9	100.0
2.	Smart Police Monitoring System Construction Project (Phase II)	Qingdao City	West Coast Public Utilities	Governance services	November 2024	3 years	68,287	Payment by stages	55,882	5.0	Gross profit: 16,853 Gross profit margin: 30.2	100.0
3.	Juancheng County Smart Transportation Project	Heze City	A state-owned enterprise engaged in smart transportation system integration and technology services	Governance services	October 2024	5 years	49,018	Payment by stages	40,196	3.6	Gross profit: 13,425 Gross profit margin: 33.4	100.0
4.	Lianhuawan Smart Construction Project	Qingdao City	A company engaged in real property development	Communities services	October 2022	2 years	31,503	Payment by stages	28,032	2.5	Gross profit: 8,034 Gross profit margin: 28.7	100.0
5.	Smart Community Smart Street PPP Project	Qingdao City	Qingdao West Coast New Area Industry and Information Technology Bureau	Communities services	December 2021	10 years	1,050,818.8	Payment by stages up to 120 months	23,148	2.1	Gross profit: 5,431 Gross profit margin: 23.5	100.0 (Note 4)

Notes:

1. Differences in contract value and total revenue recognised for the projects were mainly due to contract value including value-added tax while our total revenue recognised is net of value-added tax or finance income component of the contarct.

2. Based on the warranty obligations stipulated in the relevant agreements, in order to ensure that we can effectively fulfill our warranty obligations, our customer will generally pay the remainder of the project sum after the warranty period. The warranty period stipulated in such agreements generally ranges from one to five years, and as a result, the payment term is longer than the contract completion cycle.

3. Completion percentage is calculated based on the construction work progress (exclusive of the subsequent maintenance work and payment settlement).

4. The PPP project is separated into construction phase and maintenance phase. In January 2024, the construction phase of the project was completed and entered into the maintenance phase in February 2024. For details of the project, please refer to the paragraph headed "— Project under PPP model" in this section of this document.

5. The Smart Community Smart Street PPP Project will continue to generate revenue beyond the Track Record Period until 31 December 2032. For details, please refer to the paragraph headed "— Project under PPP model" in this document.

6. The project duration covers the entire business process of a project, including the construction, maintenance and operation work as well as the payment settlement.

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Project under PPP model

The PPP model in the PRC is a model of long-term cooperative arrangement between public sector entity (the government) and private sector entity(ies) in the infrastructure construction and public services sectors in terms of project management, financing and maintenance, according to the Frost & Sullivan. In general, the key feature of a PPP project is the establishment of a project company by the public sector entity and private sector entity(ies) for executing various functions for the project, which, based on a number of policy documents published by the PRC government as well as the general contractual terms of PPP projects classified by the PRC government.

Under a PPP project, a project company is generally established for financing, managing, constructing, operating and maintaining the PPP project. Private sector entity(ies) (and public sector entity(ies) if required under the project contract) will invest in the project company.

During the Track Record Period, we had entered into one contract with Qingdao West Coast New Area Industry and Information Technology Bureau, a governmental bureau, for the provision of IS integration solution services under the PPP cooperation model, which was obtained through open tender. Prior to the bidding of the project, our management team had assessed the risk and benefits of the project. We have taken into consideration various risks, including but not limited to, the impact on our Group's cashflow and financial position, the recovery of the investment and the payment from the public entity, the long duration of the project, the finance costs that would be incurred in respect of obtaining the loan to finance the project and had weigh against the potential benefits, including the reputation and financial gain. We commenced the construction of the project in December 2021 and completion of the construction phase was certified in January 2024. As at the Latest Practicable Date, the PPP project was in maintenance phase.

For each of FY2021, FY2022, FY2023 and FY2024, we recognised revenue of RMB94.3 million, RMB316.6 million, RMB106.2 million and RMB23.1 million from the project, respectively, representing 14.6%, 32.3%, 9.5% and 2.1% of our total revenue for the relevant years. As at 31 December 2024, we had recognised a total of RMB540.2 million of revenue from the PPP project. The total revenue recognised during the Track Record Period represented 72.7% of the total revenue of the relevant PPP project. The maintenance phase of the project had only commenced in February 2024 and will last until February 2032, therefore a considerable portion of the revenue had not been recognised. During the Track Record Period, to the best knowledge of our Directors after making all reasonable enquiries, none of our tendered pending and tendered successful projects under our IS integration solution services has any association with the PPP project.

For FY2021, FY2022 and FY2023, all the revenue recognised from the project was of the construction phase. For FY2024, out of the RMB23.1 million revenue recognised, RMB5.2 million were from the construction phase, while the remaining RMB17.9 million were generated from the maintenance phase which commenced in February 2024. The service fees to be received by our Group during the maintenance phase comprises inspection and maintenance fees, internet connection fees and cloud resources usage fees. The inspection and maintenance fees is determined based on a mutually agreed percentage of the installation fees of the hardware and software provided by our Group during the construction phase or a ceiling price, whichever is lower, and the internet connection fees and cloud resources usage fees is determined based on the agreed price as set forth in the PPP contract. As such, the service fees are not adjustable but already stipulated in the PPP contract.

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The following table sets forth the PPP project we participated in during the Track Record Period:

	Smart Community and Smart Street PPP Project
Type of projects	Project in which we have controlling interests and the project company set up with the government partner is regarded as a subsidiary of our Group
Date of contract	December 2021
Source of contract	Open tender
Scope of work	To install smart devices and equipment with software system at Qingdao West Coast New Area and to provide subsequent maintenance services
Investment amount (budget amount as approved by the government)	Approximately RMB609.2 million
Our required equity percentage	90%
Our required investment	Approximately RMB548.3 million (90% of the total budget amount above)
Amount of investment contributed by our Group as at the Latest Practicable Date	Approximately RMB540.8 million (90% of the project company's equity plus the project loan)
Shareholders of the project company other than our Group and their respective shareholdings	West Coast Public Utilities (10%)
Responsibilities of the project company	Construct and maintain the smart community and smart street project in accordance to relevant laws and regulations

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Smart Community and Smart Street PPP Project

Responsibilities of our Group as contractor in the project	Main responsibilities of our Group as the investor: invest capital to the project company and assist the project company in obtaining financing when required

Main responsibilities of our Group as the contractor: provide construction and maintenance services, which are similar to services provided for our other IS integration solution projects and includes:

- Construction phase: purchase and install hardware such as cameras and screens, and develop software and relevant network systems for various community services and management purposes; and

- Maintenance phase: provide maintenance of the project, ensure stable, safe and efficient operation of the system, mainly including leasing cloud systems and network from a third party supplier (as the leased cloud systems will be operated or used by our customer, we will not be able to access or collect any personal data through such systems after we deliver the final product to the customer), and the regular check and maintenance of equipment and devices, which are conducted by our own staff

Responsibilities of the government bureau

Main responsibilities of the government bureau includes:

- Construction phase: provide the conditions for installation, and assist our Group in obtaining and maintaining approvals from the authorised authorities

- Maintenance phase: supervise the maintenance of the project, including supervising the project company in fulfilling its obligations under the contract, handling complaints and reports and reviewing the maintenance plan and report of the project company

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Smart Community and Smart Street PPP Project

Respective rights of our Group and the government bureau in the project	Main rights of our Group:

Main rights of our Group:

● Construction phase: own all the intellectual property rights of the project, as well as the rights of adaptation and re-development based on the copyright of the software product

● Maintenance phase: receipt of maintenance fees

Main rights of the government bureau:

The government bureau has the ownership of the PPP project

● Construction phase: enter the project facility site for inspection and supervision, select a third party project supervisor in accordance with applicable laws and regulations

● Maintenance phase: conduct regular performance appraisals

Responsible party(ies) for financing — The project company

Identities of the end users and payer — The end users are the government bureau and the community residents at Qingdao West Coast New Area, and the payer is the government bureau at Qingdao West Coast New Area

Project status as at the Latest Practicable Date — The project had entered into maintenance phase where we will provide maintenance services to our customer

Time frame and time of completing the construction phase by our Group — A total of three years and completion in January 2024

Maintenance period by the project company — A total of eight years from February 2024 to February 2032

Recourse on non-payment — The government bureau is obliged to pay our Group in accordance with the contract. If the public sector entity fails to pay any of the fees under the contract, our Group is entitled to take legal action and claim for compensation and liquidated damages.

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Smart Community and Smart Street PPP Project

Termination | The parties may terminate the contract in the event of a force majeure event, including but not limited to, earthquake, flood, tsunami, war, terrorist attacks, national strike and etc..

If a force majeure event materials, the party shall inform the other within 24 hours by writing and provide relevant proof

Expected return of our PPP project

As at the Latest Practicable Date, our Group had invested approximately RMB540.8 million in the PPP project. Our Directors are of the view that the expected payments to be generated from the construction phase and maintenance phase of the project will be able to cover the investments made by our Group. Pursuant to the PPP contract, upon the completion of the audit and one year after the commencement of the maintenance period with the relevant performance review completed, our Group will start to receive payments from the public sector entity. The amount of payment for the construction period is determined based on (i) the total revenue in the construction phase as audited by the public sector entity (plus value-added tax); (ii) an agreed discount rate of 5.91% for the total construction revenue$^{(Note)}$ as stipulated in the PPP contract; and (iii) the number of years of the maintenance period. Our Group expects to receive an aggregate payment of RMB710.8 million in eight annual installments starting in or around April 2025, which is approximately RMB88.8 million per financial year from the PPP project.

As to the maintenance phase of the PPP project, our Group and the public sector entity has agreed that our Group will be entitled to a total sum of approximately RMB234.4 million pursuant to PPP contract for the eight years of the maintenance phase starting in or around April 2025.

Based on the above, our Directors are of the view that the expected cash inflow to be generated from both the construction phase and maintenance phase of the PPP project of an aggregate sum of RMB945.2 million will be able to cover the total investment of RMB540.8 million made by our Company and will also have an overall positive effect to our cash flow position in the long term. We have assessed the recoverability of this project, and believe that the risk of not being able to recover the relevant payments is relatively low, because the payer is the government bureau with good payment settlement records based on our property services project with such government bureau. To the best knowledge of our Directors after making all reasonable enquiries, we were not aware that our customer has any difficulty in repaying any of the outstanding amount or is in any financial hardship as at the Latest Practicable Date. In

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Note: The agreed discount rate for the total construction revenue is 5.91% as stipulated in the PPP contract, which is the discount rate of the present value of future cash flows in respect of the construction phase. Taking into account (i) the total revenue in the construction phase of the PPP project as audited by the local government is RMB522.3 million, (ii) the agreed discount rate of the revenue in the construction phase of 5.91%, (iii) the total expected cash inflow of the construction phase will be made in eight annual installments one year after completion of the construction phase, the total expected cash inflow of the construction phase is RMB710.8 million.

On the other hand, the gross profit margin of the construction phase is calculated by the revenue recognised in the construction phase of the PPP project in a particular financial year, minus the related construction cost recognised in the construction phase of the PPP project in the respective financial year (excluding the interest income from contract assets and bank loan finance costs incurred to support the PPP project).

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addition, the bank loans of approximately RMB478.1 million made by the project company to support the PPP project do not have a material adverse impact on our Group's cash flow position after taking into account (i) the expected cash inflow from in or around April 2025 onwards, which includes (a) an aggregate payment of RMB710.8 million in eight annual installments for the construction phase, and (b) an aggregate payment of RMB234.4 million under the maintenance phase for an eight year period; and (ii) the first installment of bank loan is only repayable in June 2025. Our Directors of the view that, given that we will expect an operating cash inflow from the cash payment from PPP project in the year ending 31 December 2025, we do not expect any material adverse impact on our working capital position.

Accounting treatment of our PPP Project

Our Group has applied *IFRS 15 Revenue from Contracts with Customers* to the revenue recognition of the PPP project. Our Group has considered paragraphs 4 to 9 of and application guidance of *IFRIC 12 Service Concession Arrangements* and assessed that the arrangement of PPP project is not in the scope of IFRIC 12. Our Group is contracted to provide tailor-made information system integration solutions to the government authorities. The control and ownership interests of the underlying assets are transferred to the government authorities upon their acceptance of the assets' delivery and deployment completed by our Group. These assets are owned and operated by the government authorities themselves to provide public services, and our Group does not undertake any obligation of the public service nature. The government authorities also engage our Group to provide maintenance services during the maintenance period, and our Group acts in the capacity of an outsourcing maintenance service provider to support the stable, safe and efficient operation of the assets. Therefore, the government authorities are determined to be the customers for the goods and services provided by our Group in both of the construction period and maintenance period of the PPP Project, and the revenue from this PPP Project is accounted for as revenue from contracts with customers in a consistent manner with the other government procurement transactions. Our Group has identified the following performance obligations during the construction period and maintenance period of the project in the context of the contract with the customer — Industry and Information Technology Bureau of Qingdao West Coast New Area.

● During the construction period, our Group is contracted to provide tailor-made information system integration solutions to the customer in the form of (i) hardware equipment that is delivered to the customer's designated place, and (ii) a distinct licence to use software that is deployed in the customer's information technology environment. Revenue for the hardware equipment is recognised at the point in time when the equipment is installed and accepted by the customer after the necessary testing and inspection. In practice, the completed pieces of hardware equipment that are delivered and installed near the same time are grouped into a batch, and the customer testing and inspection are performed by a third party project supervisor engaged by the customer on a batch-by-batch basis. Revenue for the licence to use software is recognised at the point in time when the licence transfers and the customer is able to use and benefit from the licence.

● During the maintenance period, our Group is contracted to provide internet connection and cloud resources usage services and maintenance services in relation to the hardware equipment, such as regular on-site inspections of the physical equipment and maintenance of the operational environment, and also the repair and overhaul of hardware equipment items on a when-and-if-necessary basis. The customer is generally expected to benefit from the regular inspection and

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maintenance services and internet connection and cloud resources usage services evenly throughout the maintenance period and to benefit from the repair and overhaul services towards the later stage of the maintenance period as the equipment ages. Revenue for the maintenance services and internet connection and cloud resources usage services is recognised ratably over the service period and revenue for repair and overhaul services is recognised when the repair and overhaul services occur. The timing of revenue recognition of our repair and overhaul services depends on the actual use of services; however, the total amount of revenue that our Group will receive which relates to such services is fixed at RMB234.4 million, and we can recognise the relevant amount in full at the end of the service period.

The nature and significance of costs to be accrued during the maintenance period are as follows:

Items	Amount *(RMB in million)*
Regular inspection and maintenance *(i)*	53.0
Repair and overhaul of hardware equipment items *(ii)*	37.0
Internet connection and cloud resources usage *(iii)*	47.0
Total	**137.0**

Notes:

(i) The regular inspection and maintenance of the physical equipment and the operational environment are completed by outsourcing companies and our own employees. The outsourcing companies are working on behalf of our Group on the maintenance of parts of the hardware equipment and data support software system platforms at the front and rear ends of the equipment in the communities. We direct the service of the outsourcing companies and respond to the customers. The budget of the total patrol inspection costs in relation to such ourtsourcing is RMB42.0 million over the maintenance stage. We also plan to arrange 15 employees to participate in daily inspection and supervision during the maintenance stage, with a per capita cost of RMB7,500 per month. It is estimated that the total labour costs will be RMB11.0 million over the maintenance stage.

(ii) In contrast to the regular inspection and maintenance services that will be provided evenly over the maintenance period, the repair and overhaul services are expected to occur towards the later stage of the maintenance period as the equipment ages. According to the feasibility study report conducted by an Independent Third Party during the tender process of the PPP project, parts of the hardware equipment may require a major overhaul due to wear and tear at the later stage of the maintenance stage considering the useful life is fewer than 8 years. It is estimated that the total costs for such services will be RMB37.0 million.

(iii) The costs for internet connection and cloud resources usage services include those in relation to telecommunication services fees, and leasing cloud servers. It is estimated that the total costs for such services will be RMB47.0 million over the maintenance stage.

Revenue recognised by our Group for the PPP project during the Track Record Period (i.e. RMB94.3 million, RMB316.6 million, RMB106.2 million and RMB23.1 million for the years ended 31 December 2021, 2022, 2023 and 2024, respectively) primarily arises from the sales of the tailor-made information system integration solutions to the customer. Revenue is recognised based on the price stipulated in the PPP project contract, which is based on the quantity of the hardrware equipment that are delivered and installed subject to certain price estimation or adjustments based on the result and confirmed by third party project supervisor who was engaged by the customer during the Track Record Period. We have recognised

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RMB522.3 million as revenue arising from the construction phase during the Track Record Period, representing the reduction of 2.9% (RMB15.7 million) in the original revenue from the construction phase of approximate RMB538.0 million (tax-exclusive), where the discrepancy was due to taxation and the difference in the estimation of construction consideration. According to the terms of the PPP project, a completion audit (工程竣工審計) related to the construction phase had been conducted by a third party professional project management company engaged by the customer of the PPP project, and the results therein were passed to the finance bureau of Qingdao West Coast New Area for final review and confirmation, and such review and confirmation were finalised in December 2024. According to the final confirmation by the finance bureau of Qingdao West Coast New Area, the audited revenue arising from the construction phase was RMB522.3 million (tax-exclusive). Moreover, the customer of the PPP project engaged a third party professional project management company to conduct a review related to the maintenance phase of the project in February 2025, and such performance review had been completed as at 31 March 2025. Based on the review results, our Group is entitled to the full amount of the relevant contract price that has accrued according to the project terms.
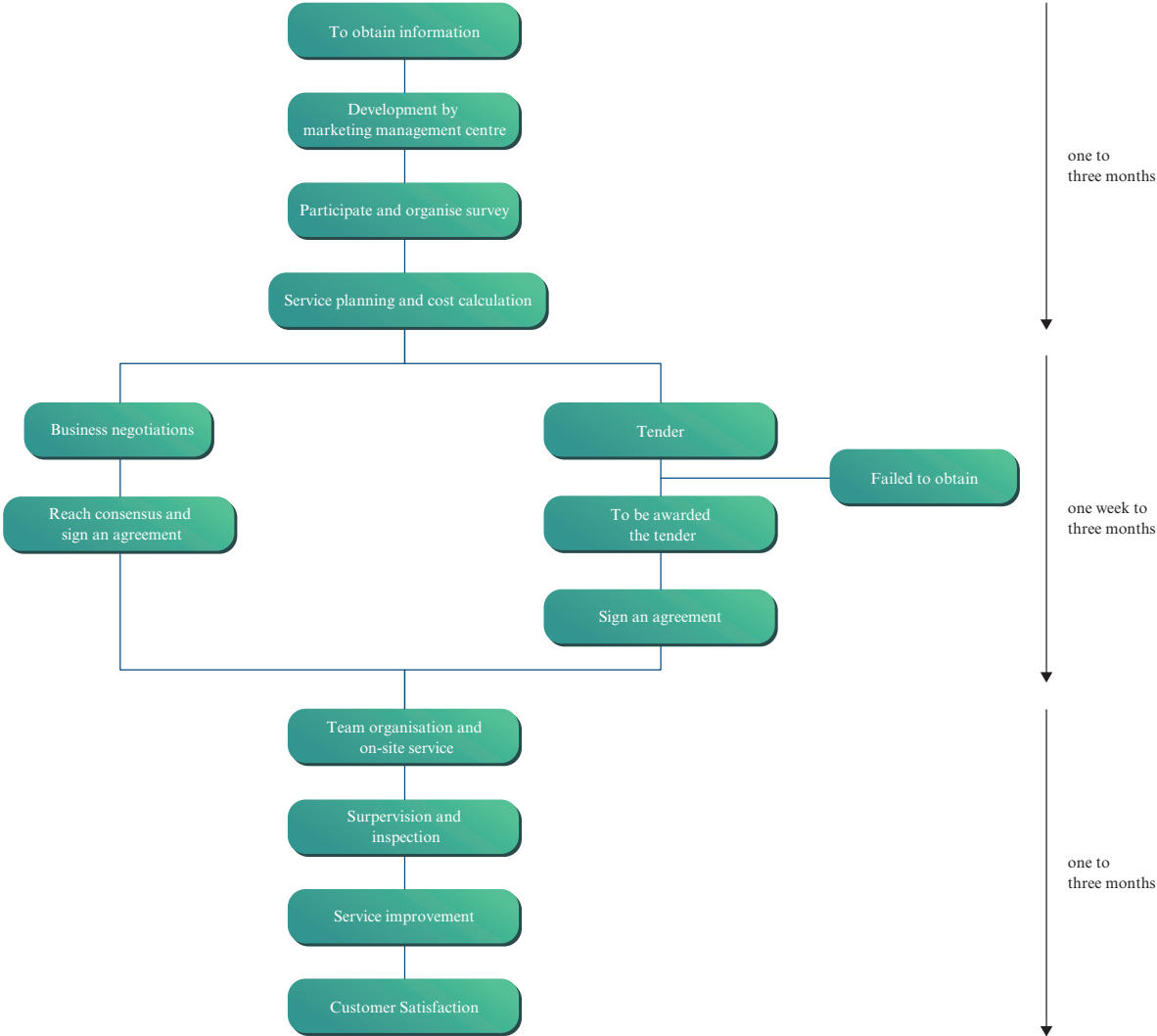
B. PROPERTY SERVICES

We are a comprehensive property service provider that covers residential properties, commercial properties, governmental properties and public facilities, hospitals, campuses, and industrial parks. Our service content includes housing and facility equipment maintenance, environmental management, landscaping, safety management, order maintenance, and conference services as well as customer services. During the Track Record Period, we mainly charged property management fees on a lump sum basis. In our business operations, we have deeply integrated digital and intelligent technologies, committed to providing our customers with a diverse range of property management services and value-added services. We strive to deliver quality customer service experience for property owners and users. In terms of property value-added services, we continuously innovate to provide owners and non-owners with a variety of services, such as vicinity operation services, home improvement services, household maintenance services and real estate leasing and sales services in order to meet the personalised needs of users. Our goal is to optimise resource allocation, improve operational efficiency, and enhance the user experience, thereby achieving comprehensive value enhancement for the properties. The below table sets forth the breakdown of revenue from our property services segment during the Track Record Period:

	For the years ended 31 December							
	2021		**2022**		**2023**		**2024**	
	RMB'000	*% of revenue from property services*	*RMB'000*	*% of revenue from property services*	*RMB'000*	*% of revenue from property services*	*RMB'000*	*% of revenue from property services*
Property management services	326,355	90.8	380,205	91.2	407,376	90.5	434,758	90.8
Property value-added services	33,104	9.2	36,595	8.8	42,979	9.5	44,203	9.2
Total	**359,459**	**100.0**	**416,800**	**100.0**	**450,355**	**100.0**	**478,961**	**100.0**

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The chart below illustrates our general operational flow in the provision of property services:

To obtain information	
Development by marketing management centre	one to three months
Participate and organise survey	
Service planning and cost calculation	
Business negotiations	Tender → Failed to obtain
Reach consensus and sign an agreement	To be awarded the tender
	Sign an agreement
Team organisation and on-site service	one to three months
Surpervision and inspection	
Service improvement	
Customer Satisfaction	

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I. Property Management Services

We provide a range of property management services to property owners and property users, as well as property developers, including, among others, household and facilities maintenance, environmental management, public order management and customer services. Our property management portfolio covers residential properties, commercial properties, government properties and public facilities, hospitals, campuses, industrial parks and other properties. During the Track Record Period, we charged our property management fees mainly on lump sum basis.

In 2024, our contracted GFA was 30.8 million sq.m., and we have been contracted to manage 353 properties in total, including 148 residential properties, 64 commercial properties, 67 government and public facilities, 35 campuses, 12 hospitals and 27 industrial parks. For FY2021, FY2022, FY2023 and FY2024, revenue generated from property management services amounted to RMB326.4 million, RMB380.2 million, RMB407.4 million and RMB434.8 million, respectively, representing 50.4%, 38.8%, 36.5% and 39.0% of our total revenue during the same years, respectively.

The following table sets out the breakdowns of our Group's (i) contracted GFA[1]; (ii) GFA under management[2]; (iii) number of properties for contracted GFA; and (iv) number of properties for GFA under management by source of projects for the years indicated:

	For the years ended 31 December			
	2021	**2022**	**2023**	**2024**[3]
Contracted GFA				
('000 sq. m.)	**26,778**	**30,793**	**28,866**	**30,792**
— Properties developed or owned by Ruiyuan Group Connected Persons	2,162	2,474	2,370	2,951
— Properties developed or owned by Independent Third Parties	24,616	28,319	26,496	27,841

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(1) "Contracted GFA" refers to the GFA of the properties under operating property management contracts, including both delivered and undelivered GFA.

(2) "GFA under management" refers to the GFA of the properties for which we have started to provide property management services.

(3) We may start to provide property management services before entering into the relevant property management contracts if such contracts have been confirmed to be entered into, particularly considering some public sector customers may require more time to obtain internal approval for the formal contract execution, which is not uncommon in this industry according to Frost & Sullivan. Therefore, in 2024 our contracted GFA was smaller than our GFA under management. As at the Latest Practicable Date, the contracts related to 99.8% of our GFA under management in 2024 had been entered into.

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	For the years ended 31 December			
	2021	**2022**	**2023**	**2024**[3]
GFA under management *('000 sq. m.)*	**25,685**	**29,684**	**28,257**	**30,857**
— Properties developed or owned by Ruiyuan Group Connected Persons	2,161	2,474	2,370	2,231
— Properties developed or owned by Independent Third Parties	23,524	27,210	25,887	28,626
Number of properties for contracted GFA	**349**	**400**	**399**	**349**
— Properties developed or owned by Ruiyuan Group Connected Persons	37	40	46	41
— Properties developed or owned by Independent Third Parties	312	360	353	308
Number of properties for GFA under management	**341**	**388**	**394**	**353**
— Properties developed or owned by Ruiyuan Group Connected Persons	36	40	46	37
— Properties developed or owned by Independent Third Parties	305	348	348	316

The decreases in GFA under management in 2023 and the number of properties under management in 2024 were mainly due to the expiration of certain property management agreements, which we decided not to renew in light of low profitability.

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The table below sets forth the expiration schedule of our property management agreements for properties under our management for the year ended 31 December 2024:

	The agreements with property owners		The agreements with property owners' associations		The agreements with property developers	
	Number of agreements	GFA under management	Number of agreements	GFA under management	Number of agreements	GFA under management
		('000 sq. m.)		*('000 sq. m.)*		*('000 sq. m.)*
Property management agreements without a fixed term	19	601	6	936	58	5,410
Property management agreements with fixed terms expired in						
Year ended 31 December 2024	113	6,219	23	2,715	16	1,408
Year ending 31 December 2025	59	5,906	13	2,338	10	888
Year ending 31 December 2026	11	164	8	1,988	4	318
Year ending 31 December 2027 and beyond	5	1,225	5	567	3	177
Total	**207**	**14,115**	**55**	**8,542**	**91**	**8,200**

In the year ended 31 December 2024, the property management contracts of approximately 10,341,000 sq.m. contracted GFA under our management for the year ended 31 December 2024 had expired pursuant to the terms as prescribed under such contracts. Among such contracts, the contracts of approximately 10,336,300 sq.m. contracted GFA under management, representing approximately 99.95% of the total contracted GFA under management related to the expired contracts, had been, or been confirmed to be, renewed as at the Latest Practicable Date. Moreover, we are actively exploring and entering into new property management contracts to ensure a sustainable operation of our property management business. On the basis of the above, our Directors are of the view, and the Joint Sponsors concur, that the expired property management contracts will not have any material adverse impact on our Group.

General Scope of Property Management Services

Our property management services cover various aspects of comprehensive services, with the core goal of ensuring the normal operation and maintenance of the property, enhancing its value, and providing high-quality production, living services, and business services to property owners and users. Specifically, our property management services generally include the following aspects:

- **Household and facility maintenance**: Includes daily inspections, maintenance, and repairs of buildings and their associated facilities to ensure their proper functioning.

- **Environmental management**: Includes greenery maintenance, cleaning services, waste sorting and disposal, aiming to create and maintain a clean and attractive environment.

- **Public order maintenance**: Providing round-the-clock security monitoring services, including fire management, access control, emergency response, to maintain the safety of the property and residents.

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- **Customer service**: Providing consultation, complaint handling, and maintenance services to owners and users, establishing good customer relationships.

Agreements for our Property Management Services

We are typically engaged through competitive bidding. Bid solicitations are generally from the property developers for properties under development, or from property owners' associations for completed residential properties and we enter into agreements with the property developers and/or property owners' associations. We may also directly enter into agreements with property owners. Our property management agreements typically include the following key terms:

Scope of services	:	A typical contract with a property developer sets out the scope of services by phase. Before the construction of the property is completed, we generally provide property management services to public areas and facilities, including security, cleaning, greening and gardening, public road maintenance and repair and maintenance of public facilities. Once the construction is completed, in addition to the aforementioned services, we also collect utility fees, manage the carpark and offer housekeeping services.
		Under a typical contract with a property owners' association or a property owner, we provide general property management services, including repair and maintenance of public facilities, maintenance of common areas, greening, gardening, cleaning, security, fire control, emergency response and organization of cultural activities. If the owners or residents request other services, such as decoration, parking and maintenance of properties, they will sign separate service agreements with us. In addition, we may also collect utility charges from property owners and residents on behalf of utility companies. We may outsource certain services to qualified sub-contractors.
Performance standards	:	The contract sets out specific standards for the main services we provide and the frequency of certain types of services such as elevator maintenance and equipment examination.

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Property management fees	:	The contract with a property developer sets out the amount of property management fee, payable either on a lump sum basis or on a commission basis. The property developer is responsible for paying the property management fees for the units that remain unsold, which fees typically begin to accrue upon the execution of the property management contract and delivery of the first unit to a buyer. Property developers pay a daily surcharge, at a certain percentage of the overdue amount, for overdue property management fees. We can also report a property developer's overdue history to the housing management authority. The amount payable by the property developer will be withheld by the housing management authority upon the transfer of the property.
		The contract with a property owners' association or a property owner sets out the amount of property management fee, payable either on a lump sum basis or on a commission basis. If they request other services not covered within our general scope of services, they shall also pay service fees as separately agreed under the relevant agreements.
Customers' rights and obligations	:	The property developer is primarily responsible for, among other things, obtaining a commitment from every property buyer that it will comply with the property management agreement, providing sufficient space at the community for us to use as our on-site property management office and providing us with blueprints and other construction design documents and completion inspection documents.
		According to relevant PRC laws and regulations, the property owners' association is elected by property owners, and represents their interest in matters concerning property management. The property owners' association's decisions are binding on all property owners. Contracts between property owners' associations and property management companies, including the various legal rights and obligations of property owners under such contracts, are valid and legally binding on property owners, whom their respective property owners' associations represent, even if the property owners are not parties to such contracts. Property owners and residents and the property owners' association have the right to be informed of and supervise the use of public funds and the management of common areas and public facilities and review the annual budget and property management plan prepared by us.

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Under a typical contract with a property owner, the property owner has the right to monitor our services to ensure high quality. Before selling or leasing out their properties, property owners shall pay up all outstanding property management fees to us. When selling or leasing out their properties, property owners shall inform the buyers or tenants of the existence of the property management agreement and the buyers' or tenants' obligations thereunder.

Term of service : The majority of the contracts with property developers do not have any fixed term and expire only when the relevant property owners' association is established and a new property management agreement is entered into to replace the existing one with the property developer. The other contracts with property developers typically have a term ranging from one to three years.

The contract with a property owners' association or a property owner typically has a duration of three to five years and one to three years, respectively, and can be terminated upon mutual consent.

Types of Properties under Management

Our property management portfolio includes mainly residential properties, commercial properties, government properties and public facilities, hospitals, campuses, industrial parks and others. The following tables set out the breakdowns of our (i) revenue from property management services by property type and customer type; (ii) GFA under management; and (iii) number of properties under management by property type and geographic coverage, for the years indicated:

Revenue generated from property management services by types of properties

	For the years ended 31 December							
	2021		**2022**		**2023**		**2024**	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
Residential properties	158,355	48.5	181,753	47.8	184,251	45.3	189,903	43.7
Commercial properties	39,581	12.1	50,014	13.2	50,574	12.4	45,971	10.6
Government properties and public facilities	72,134	22.1	85,709	22.5	88,119	21.6	98,926	22.8
Hospital	14,203	4.4	15,307	4.0	17,497	4.3	20,210	4.6
Campuses	7,825	2.4	17,127	4.5	36,381	8.9	51,978	11.9
Industrial parks	34,257	10.5	30,295	8.0	30,554	7.5	27,770	6.4
Total	326,355	100.0	380,205	100.0	407,376	100.0	434,758	100

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GFA under management and number of properties under management by types of properties

| | For the years ended 31 December | | | | | | | | | | | |
| | 2021 | | | 2022 | | | 2023 | | | 2024 | | |
	GFA under management ('000 sq.m.)	(%)	Number of properties under management	GFA under management ('000 sq.m.)	(%)	Number of properties under management	GFA under management ('000 sq.m.)	(%)	Number of properties under management	GFA under management ('000 sq.m.)	(%)	Number of properties under management
Residential properties	14,456.0	56.3	140	16,341.1	55.0	158	16,612.4	58.8	144	17,859.5	57.9	148
Commercial properties	1,801.4	7.0	66	2,599.7	8.8	80	2,530.3	9.0	89	2,086.3	6.8	64
Government properties and public facilities	1,644.0	6.4	70	2,288.6	7.7	78	1,904.9	6.7	77	2,837.7	9.2	67
Hospitals	594.0	2.3	9	605.0	2.0	11	658.0	2.3	12	667.0	2.2	12
Campuses	715.8	2.8	31	1,656.7	5.6	35	2,006.4	7.1	41	2,965.9	9.6	35
Industrial parks	6,474.1	25.2	25	6,192.8	20.9	26	4,544.9	16.1	31	4,440.8	14.4	27
Total	25,685.3	100.0	341	29,683.9	100.0	388	28,256.9	100.0	394	30,857.2	100.0	353

GFA under management and number of properties under management by geographical locations

| | For the years ended 31 December | | | | | | | | | | | |
| | 2021 | | | 2022 | | | 2023 | | | 2024 | | |
	GFA under management ('000 sq.m.)	(%)	Number of properties under management	GFA under management ('000 sq.m.)	(%)	Number of properties under management	GFA under management ('000 sq.m.)	(%)	Number of properties under management	GFA under management ('000 sq.m.)	(%)	Number of properties under management
Qingdao City	18,052.6	70.3	240	21,876.0	73.7	280	22,807.4	80.7	308	24,409.6	79.1%	287
Other cities in Shandong Province	4,119.7	16.0	57	4,060.4	13.7	58	4,261.8	15.1	68	4,449.4	14.4%	49
Others (Note)	3,513.0	13.7	44	3,747.5	12.6	50	1,187.7	4.2	18	1,998.2	6.5%	17
Total	25,685.3	100.0	341	29,683.9	100.0	388	28,256.9	100.0	394	30,857.2	100%	353

Note: Others include primarily Guangdong Province, Hunan Province and Hainan Province.

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The below photos show the representative properties that we managed during the Track Record Period.

Commercial property — Qingdao West Coast International Trade Centre

Residential property — CCCG Central Park located in Qingdao

Campus property — Ocean University of China

Hospital property — Qingdao West Coast New District Hospital

Government property — Pingdu Citizen Service Centre

Cultural and tourism property — Qingdao International Beer City

Cultural and tourism property — Zibo Yulong Lake Park

Block property — Shangjieli, Shinan District, Qingdao

Revenue Model of Property Management Services

During the Track Record Period, our property management fees were mainly generated from lump sum basis. Our property management revenue generated from services charged on a lump sum basis amounted to RMB326.3 million, RMB380.2 million, RMB407.0 million and RMB434.5 million, accounted for 99.9%, 99.9%, 99.9% and 99.9% of our total revenue from property management services for FY2021, FY2022, FY2023 and FY2024, respectively.

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The key characteristics of lump sum basis and commission basis are as follows:

Lump sum basis

Under the lump sum basis, we typically calculate a predetermined property management fee based on the GFA of the properties we manage. This fee covers all the property management services provided under the terms of the property management service contract. The payment terms may vary, but the fee is inclusive of all services offered. As a service provider, we are entitled to retain the full amount of property management fees received from various customers such as property owners, property developers, and residents. This revenue model, based on lump sum fees, is widely adopted in China, particularly for residential properties, according to Frost & Sullivan.

Under the lump sum basis, we are responsible for bearing the costs associated with property management. These costs are considered as our cost of sales. They typically include expenses related to our staff directly providing property management services, as well as the costs incurred for subcontracting third-party services. The profitability of our company is directly affected by the reduction of costs incurred in delivering management services under the lump sum basis. Before entering into property management service contracts, we make efforts to estimate our cost of sales as accurately as possible. If the amount of property management fees we are entitled to collect over the contract term is not sufficient to cover all the expenses incurred, we are not able to request customers to pay the shortfall. During the Track Record Period, we managed 341, 388, 394 and 351 property management projects on a lump sum basis as at each of 31 December 2021, 2022, 2023 and 2024, respectively, out of which 114, 107, 82 and 73 of them were loss-making. There were five, seven, four and seven loss-making projects that we provided services to Ruiyuan Group Connected Persons. These loss-making projects resulted in total losses of RMB24.8 million, RMB20.7 million, RMB15.3 million, and RMB14.5 million for FY2021, FY2022, FY2023 and FY2024, respectively, and the losses from such projects accounted for 7.6%, 5.4%, 3.8% and 3.3% of our total revenue of our property management services for the respective years. The losses from 82 loss making projects (namely 20.8% of the total projects in terms of number) in 2023 and 73 loss making projects (namely 20.8% of the total projects in terms of number) in 2024 only accounted for 3.8% and 3.3% of the total property management service revenue in the same years, respectively, because the loss-making projects in 2023 and 2024 were generally small projects involving lower revenue. Losses incurred for these projects were due to various reasons that affected the profitability level of the relevant projects, including but not limited to, (i) our Group's property management services business had been focused in the area of Qingdao City and in order to expand our geographical coverage and to establish our brand in other provinces, we had secured property management projects in cities such as Hainan, Liaocheng, Zaozhuang, Qihe, Zibo and Shenzhen and these projects had a higher operating costs at the commencement stages; (ii) we secured some of the loss-making projects with relatively competitive prices for the purpose of developing business relationship with established customers to establish our reputation; and (iii) some of these projects were at their early stage and with low occupancy rates which adversely affect the profitability.

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Commission basis

Under the commission basis, property service providers typically applied a fixed percentage or a pre-determined fixed amount as a property management commission fee. Our commission-based projects charged property management commissions based on a fixed amount during the Track Record Period. The remaining portion of the property management fees served as working capital to cover the expenses associated with managing the properties.

When we are engaged in managing communities on a commission basis, our role is essentially that of an agent representing our customers. Under the commission basis, we are not entitled to any surplus amount resulting from the property management fees paid by property owners, residents, or property developers after deducting the fees payable to us as the property manager. We do not recognise any direct costs associated with property management service contracts charged on a commission basis in general. These costs are borne by our customers, such as property owners, property developers, and residents.

During the Track Record Period, we had one, one, two and three managed properties which we had been engaged under commission basis.

Pricing policy for our property management services

We determine the pricing of our property management services by taking several factors into account. These factors include:

● **Types and geographic locations of properties:** The nature and location of the properties play a role in determining the pricing. Different types of properties may require varying levels of service and expertise, and properties in different geographic locations may have different market dynamics and cost structures.

● **Scope and service requirements:** The extent and specific requirements of the services to be provided are considered in pricing. The complexity and scale of the property management tasks influence the overall cost.

● **Expected costs:** We take into consideration the anticipated expenses associated with managing the properties. This includes costs related to personnel, equipment, maintenance, and administrative overhead.

● **Reasonable target profit margins:** We aim to achieve a reasonable profit margin while setting the pricing. This ensures that our services remain financially sustainable and viable. Our target profit margins are generally in line with the market, which typically range from 5% to 25%, depending on the scope of services to be provided. For specific properties such as government properties, hospitals and campuses, the target profit margins typically range from 10% to 20%.

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- **Operating history and profiles:** The operating history of the projects and the profiles of property owners and residents are considered. This helps assess the level of service expected and the market dynamics specific to the properties.

- **Local government regulations:** In some cases, local government guidelines or limitations on property management fees may influence our pricing decisions.

- **Competition and comparable properties:** We take into account the competitive landscape and pricing strategies of peer companies offering property management services for similar properties. This helps ensure that our pricing remains competitive and aligned with market standards.

Additionally, we consider the potential cost savings and resource optimisation achievable through standardisation and smart management practices. Such efficiencies enable us to propose competitive property management fees that are acceptable to our customers.

We routinely review our financial data to determine if our property management fees are adequate for maintaining our profit margins. If necessary, we may suggest increasing our property management fee rates during contract renewal discussions or at other times, subject to the approval of a required number of property owners in accordance with relevant PRC laws and regulations.

In the PRC, property management fees for certain properties, including residential communities, are regulated by relevant PRC authorities. The State Council's price administration and construction administration departments share the responsibility for supervising and managing fees associated with property management services under preliminary service contracts for residential properties. These fees may need to adhere to government guidance prices, which vary across different regions in the PRC. Specifically, our property management services for residential projects in some cities are subject to government price controls. During the Track Record Period, the maximum guidance price for property management services for residential properties in cities where we operated[Note] ranged from RMB1.00 to RMB3.90 per sq.m. per month. The commercial properties, government properties and public facilities, hospitals, campuses and industrial parks under our management are not subject to the maximum guidance price. For more details, refer to the section "Regulatory Overview — Laws and Regulations Relating to Property Services and Community Living Services — Fees Charged by Property Management Enterprises". For the years ended 31 December 2021, 2022, 2023 and 2024, the number of projects that were subject to government guidance price was 139, 157, 143 and 144, respectively, with an aggregate GFA under management of 14.3 million sq.m., 16.2 million sq.m., 16.5 million sq.m. and 16.7 million sq.m., respectively, contributing to aggregate revenue of RMB157.5 million, RMB181.1 million, RMB183.6 million and RMB188.6 million in FY2021, FY2022, FY2023 and FY2024, respectively.

Note: These cities include Qingdao, Weifang, Dongguan, Haikou, Yiyang, Liaocheng etc..

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Under our property management service contracts, we have the option to negotiate with property owners to increase property management fees upon contract renewal or by obtaining approval from the required number of property owners according to applicable PRC laws and regulations. In practice, since it takes time to communicate with property owners and complete the necessary procedures to secure their approval, we assess each situation individually. Typically, we propose fee adjustments when deemed necessary for our business operations and in line with our internal policies and procedures. Our residential property management business department, along with our finance department and relevant regional offices, is responsible for evaluating fee increases. They decide to proceed with the fee raise process after considering factors such as: (i) guidance prices or limits set by local authorities and local policies on fee adjustments; (ii) the fee levels of comparable nearby projects in the local market; and (iii) the operating status of our projects and whether our fee levels align with our scope of services, including any modifications required by owners. Despite our efforts to adjust property management fees, we cannot guarantee that we will always succeed in implementing these increases when needed.

The following table sets forth the average monthly property management fees by types of properties developed by Ruiyuan Group Connected Persons and Independent Third Parties for those properties which we determined our fees charged based on GFA under our lump sum fees model (i.e. calculated by dividing the revenue generated from the property management services to these properties by the relevant GFA under management) during the Track Record Period:

	For the year ended 31 December			
	2021	**2022**	**2023**	**2024**
	(RMB per sq.m.)			
Residential properties^(Note 1)	**1.39**	**1.41**	**1.48**	**1.47**
Ruiyuan Group Connected Persons	2.03	2.05	2.07	2.09
Independent Third Parties	1.33	1.36	1.43	1.42
Commercial properties	**3.44**	**3.47**	**4.02**	**4.06**
Ruiyuan Group Connected Persons	5.07	5.00	4.72	4.89
Independent Third Parties	2.93	2.98	3.68	3.67
Parks	**2.77**	**3.87**	**4.57**	**4.54**
Ruiyuan Group Connected Persons	2.77	3.87	4.57	4.54
Independent Third Parties	N/A	N/A	N/A	N/A

Notes:

(1)   According to Frost & Sullivan, the average monthly property management fees of residential properties located in Qingdao City ranges from RMB1.0 to RMB2.5 per sq.m..

(2)   During the Track Record Period, only residential properties, commercial properties and parks managed by us had determined fees charged based on GFA under lump sum fees model.

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The average monthly property management fees of residential properties and commercial properties charged by our Group for properties developed by Ruiyuan Group Connected Persons are generally higher than those developed by Independent Third Parties. The differences are primarily caused by (i) the location of the properties; and (ii) the service standard as agreed between our Group and our customers in respect of the management services to be provided.

As at the Latest Practicable Date, all of the residential and commercial properties developed by Ruiyuan Group Connected Persons that are managed by our Group are located in Qingdao City. Out of all the locations where the residential and commercial properties our Group has managed, Qingdao City has one of the highest average monthly property management fees. As confirmed by Frost & Sullivan, in 2023, the average monthly management fees for residential properties and commercial properties located in Qingdao City ranges from RMB1.0 to RMB2.5 per sq.m. and RMB4.0 to RMB8.0 per sq.m. respectively. While, the average monthly management fees of the counterparts in other cities in Shandong Province ranges from RMB0.6 to RMB2.0 per sq.m. and RMB2.0 to RMB8.0 per sq.m., respectively which are generally lower than those located in Qingdao City. Given that the locations of the residential and commercial properties developed by Ruiyuan Group Connected Persons are located in Qingdao City, our Group can charge a higher management fees on the properties developed by Ruiyuan Group Connected Persons and therefore, resulted in a higher average monthly property management fees as compared to the properties developed by Independent Third Parties.

Furthermore, concerning residential properties, certain local authorities have issued guidelines regarding the service standards mandated from property management companies. These service standards are categorised into various levels, allowing property management companies and developers the flexibility to negotiate the specific standards of service to be provided as reference. According to those properties management agreements entered into by our Group and Ruiyuan Group Connected Persons which have clearly stated the standard of services to be provided, Ruiyuan Group Connected Persons have generally required a higher standard of services, such as requirements on experience of the management personnel and the number of working hours of the security guards and other customer services members to be provided at the residential properties developed by them than those developed by Independent Third Parties.

Given the above, our Directors are of the view that it is reasonable for our Group to charge an average monthly property management fees on Ruiyuan Group Connected Persons at a higher rate as compared to those charged to Independent Third Parties for each of (i) residential properties; and (ii) commercial properties during the Track Record Period.

As confirmed by Frost & Sullivan, the monthly property management fees charge by our Group to Ruiyuan Group Connected Persons for parks were generally in line with the charge rates for similar services in the local markets.

BUSINESS

During the Track Record Period, the losses from our loss-making projects had been on a decreasing trend, from RMB24.8 million in FY2021 to RMB20.7 million in FY2022 and further decreased to RMB15.3 million in FY2023 and RMB14.5 million in FY2024, as well as the number of loss-making projects. We have been putting up efforts to minimise our costs and to maximise our return from our property management projects. To improve our profitability, we try to improve our fee rates when renewing service agreements, or control our costs and expenses through a series of cost-saving initiatives. We intend to carry out optimisation of our manpower and other resources in order to reduce our operating costs or also improve our service quality thereby increasing our property management fees. In addition, we intend to expand the value-added services to be provided in those projects, which generally have higher profit margins than that of property management services. Though we expect to increase the overall income generated from those projects through our operations in the future, we may consider to not renew the contracts of several projects upon expiry if we record continuous losses and cannot achieve profit-making results.

II. **Property Value-added Services**

We provide value-added services to address customers' needs and improve the living experience and environment of property owners, property users and property developers. Our property value-added services include:

● **Vicinity operation services:** We operate community resources such as idle assets, clubhouses, elevators, outdoor spaces, parking lots, etc., to generate legal and compliant income.

● **Home improvement services:** We provide owners with convenient and cost-effective secondary decoration and renovation services that save time, effort, and money.

● **Household maintenance services:** With a focus on the "home", we cover all aspects of daily household services, including home appliance cleaning, home cleaning, recycling of old items, home appliance repairs, reliable moving services, dry cleaning, and nanny services.

● **Real estate leasing and sales services:** Our business includes leasing, buying and selling of second-hand properties, as well as acting as agents for new property sales. Additionally, we provide comprehensive property management and agency solutions for customers, aiming to provide all-round asset management services.

For FY2021, FY2022, FY2023 and FY2024, our revenue from property value-added services was RMB33.1 million, RMB36.6 million, RMB43.0 million and RMB44.2 million, accounting for 5.1%, 3.7%, 3.9% and 4.0% of our total revenue, respectively.

BUSINESS

The below sets out the salient terms of our value-added service contracts:

Service scope	:	The agreement typically includes various aspects of service, such as vicinity operation services, home improvement services, household maintenance services and real estate leasing and sales services.
Term	:	The service period is generally one year, and it is renewed annually. Through this approach, both parties can assess and adjust the agreement terms to accommodate needs, market changes, or other factors.
Payment terms	:	The agreement generally employs the charging method of a tentative total amount. Typically, our clients make payments to us quarterly, based on the results of their supervision and assessment.

C.   COMMUNITY LIVING SERVICES

Community living services mainly include new retail and catering services. New retail mainly provides services in the form of physical community stores which combines online shopping functions through our "City Guide" operation platform. Catering services mainly include canteen contracting services for governments, enterprises and institutions and the distribution of fresh produce to these customers.

The table below sets forth the breakdown of revenue from our community living services during the Track Record Period:

	For the year ended 31 December							
	2021		**2022**		**2023**		**2024**	
	(RMB'000)	*(% of revenue generated from community living services)*	*(RMB'000)*	*(% of revenue generated from community living services)*	*(RMB'000)*	*(% of revenue generated from community living services)*	*(RMB'000)*	*(% of revenue generated from community living services)*
New retail services	33,806	43.5	40,045	50.7	55,958	59.4	72,255	61.8
Catering services	43,960	56.5	38,967	49.3	38,288	40.6	44,693	38.2
Total	77,766	100.0	79,012	100.0	94,246	100.0	116,948	100.0

Our "City Guide" operation platform provides users with comprehensive services where users can have efficient access to property, government, and life services with our self-developed and award-winning mini programme.

BUSINESS

New retail services

Our new retail services primarily address the precise shopping needs of community residents. We integrate online and offline resources by embedding online malls into community stores. Community residents can shop directly offline, enjoying the experiential services of physical stores, or they can shop through online channels such as the "City Guide" mini-programme, with delivery services. We charge property owners or property occupants the retail value of the goods ordered and delivery fee. For FY2021, FY2022, FY2023 and FY2024, revenue generated from our community retail services amounted to RMB33.8 million, RMB40.0 million, RMB56.0 million and RMB72.3 million, accounting for 5.2%, 4.1%, 5.0% and 6.5% of our total revenue, respectively.

Our community-based new retail business primarily relies on the customer resources accumulated through its offline retail stores, city guide platforms, and community services to provide offline and online shopping services to community residents. In the offline sales channel, the stores purchase goods based on sales plans, sort and distribute them to the stores through logistics. Within the offline sales channel, the stores display the received goods according to display standards or promotional themes. Customers visit the stores to make purchases, thereby achieving product sales and after-sales services. As at the Latest Practicable Date, we had 14 offline stores located in various neighbourhoods.

Save for daily products and fresh produce, we also sell tobacco at our offline retail stores so we are required to apply for the Tobacco Monopoly License from the relevant tobacco regulatory authorities. We commenced our tobacco business in 2015 as part of our community-based new retail business. We have made a business development orientation adjustment to terminate such business considering (i) the immateriality of such business in terms of financial and operational contributions, and (ii) our ESG commitments motivating us to abandon such business. As at 13 December 2024, we had applied to the tobacco regulatory authorities to terminate the sale of tobacco and obtained approval for such termination, and we had subsequently completed all relevant regulatory procedures for the cancellation of our tobacco monopoly retail licenses. For each of FY2021, FY2022, FY2023 and FY2024, our revenue generated from the tobacco business amounted to RMB3.7 million, RMB4.4 million, RMB5.6 million and RMB5.8 million, respectively, and our gross profit generated from the tobacco business amounted to RMB0.6 million, RMB0.7 million, RMB1.0 million and RMB0.9 million, respectively. Our assets related to our tobacco business mainly included the tobacco inventories, which amounted to RMB0.1 million, RMB0.3 million, RMB0.7 million and RMB0.7 million as at 31 December 2021, 2022, 2023 and 2024, respectively.

Our Directors are of the view, and the Joint Sponsors concur, that due to the relatively low contribution of the revenue, gross profit and assets related to our tobacco business, the termination of our tobacco business will not have a material adverse effect on our performance and operations.

BUSINESS

In the online sales channel, customers place orders for products on the "City Guide" platform. After receiving the order, we would arrange for logistics to deliver the products to designated community pickup points. Community shopping coordinators then distribute the ordered goods based on the order list. Customers collect the items from the pickup points and verify their orders. The business process of our new retail services is as follows:
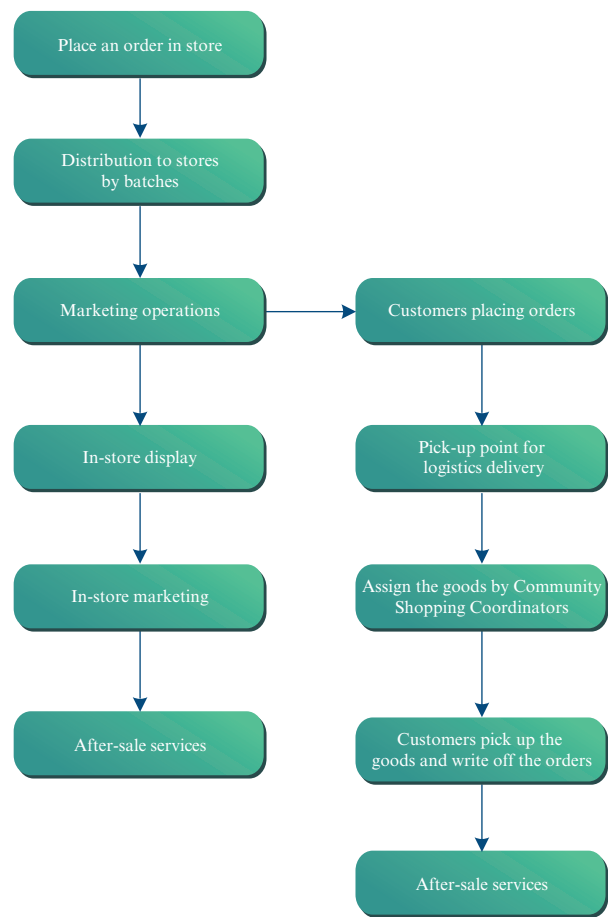
Save as fixed physical stores, we had also participated in pop-up community markets to provide retail services in various neighbourhoods to promote our brand.

Shop front of our offline new retail shops

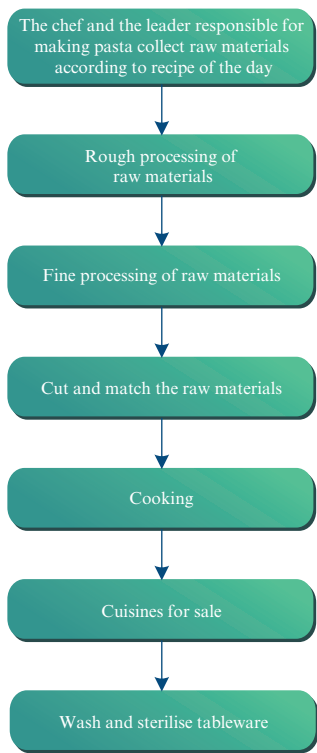*Interior of our offline new retail shops*

BUSINESS

Catering services

Catering services primarily involve providing customers with the specified services including operation of canteens at different properties and neighbourhoods as per the contract signed between us and our customers. We charge a service management fee for overseeing commissioned projects according to the terms of the contract. We operate and manage the canteens ourselves, giving us full control over the operating process with no revenue and profit sharing component.

We primarily provide catering services such as canteen contracting to clients such as government offices and businesses. As at 31 December 2024, we provided catering services to 29 canteens. Our chefs receive raw materials based on the daily menu and carry out preliminary processing, fine processing, and ingredient preparation to prepare and sell the dishes. The business process of catering services is as follows:

The chef and the leader responsible for making pasta collect raw materials according to recipe of the day

↓

Rough processing of raw materials

↓

Fine processing of raw materials

↓

Cut and match the raw materials

↓

Cooking

↓

Cuisines for sale

↓

Wash and sterilise tableware

BUSINESS

Photo of our catering services

TENDER PROCESS

During the Track Record Period, we secured a significant portion of our projects from each business line by participating in tenders, a process whereby local governmental departments and enterprises evaluate and select from multiple relevant service providers, which is a standard tender process regulated by the applicable PRC laws and regulations.

In particular, tendering for our property services is subject to stringent regulatory requirements. Under the PRC laws and regulations, companies engaged in property management services are typically required to obtain preliminary property management service agreements for residential properties through participation in the tender process. If there are fewer than three bidders or the scale of residences is relatively small, the property developer can select and hire qualified property management company by directly entering into an agreement with the approval of the real estate administrative department of the relevant district or county government where the property is located. In addition, pursuant to the Regulations on Property Management (《物業管理條例》), the non-residential property is not required to select a property management company through tender process.

BUSINESS

The following flow chart illustrates each stage of our typical tender process:

Obtaining market information

Customers may publish an announcement to invite potential bidders or issue invitations setting out the specifications and requirements for the tendered project

⬇

Tender submission

Bidders submit tender documents to the customer which generally contain proposed pricing, proposal and plan for services and other information as specified by the tender invitation

Bidders may be required to provide pre-qualification documents for vetting before the formal tender documents are submitted

⬇

Evaluation

The customer will establish a tender evaluation committee to review and rank the submitted tenders

The tender evaluation process and the composition of the tender evaluation committee must comply with the requirements of relevant PRC laws and regulations (if any)

The tender evaluation committee generally takes into account factors such as credentials, service quality, availability of capital and proposed fee levels when it evaluates the proposals

⬇

Selection

Based on its evaluation, the tender evaluation committee recommends a number of bidders as qualified candidates with ranking to the management of the customer

The customer will generally confirm the bidder with the best assessment score as the winner and proceed to arrange for necessary notification

⬇

Award and contract signing

Customers will notify the winning bidder and publish the notice of Confirmation. The parties will enter into contract setting out the specifications and requirements for the tendered project

BUSINESS

The following table sets out the number of tenders we had submitted and the number of successful tenders secured by us by business line during the Track Record Period:

	FY2021	FY2022	FY2023	FY2024
IS integration solution services				
Number of tenders submitted	**24**	**22**	**16**	**21**
— Ruiyuan Group Connected Persons	—	—	—	—
— Independent Third Parties	24	22	16	21
Number of successful tenders	**22**	**14**	**11**	**15**
— Ruiyuan Group Connected Persons	—	—	—	—
— Independent Third Parties	22	14	11	15
Success rate *(approximately)* *(%)*	**91.7**	**63.6**	**68.8**	**71.4**
— Ruiyuan Group Connected Persons	—	—	—	—
— Independent Third Parties	91.7	63.6	68.8	71.4
Property services				
Property management services				
Number of tenders submitted	**100**	**75**	**66**	**94**
— Ruiyuan Group Connected Persons	2	2	3	—
— Independent Third Parties	98	73	63	94
Number of successful tenders	**59**	**60**	**57**	**76**
— Ruiyuan Group Connected Persons	2	2	3	—
— Independent Third Parties	57	58	54	76
Success rate *(approximately)* *(%)*	**59.0**	**80.0**	**86.4**	**80.1**
— Ruiyuan Group Connected Persons	100.0	100.0	100.0	—
— Independent Third Parties	58.2	79.5	85.7	80.1
Property value-added services				
Number of tenders submitted	**—**	**1**	**—**^(Note)	**—**^(Note)
— Ruiyuan Group Connected Persons	—	—	—	—
— Independent Third Parties	—	1	—	—
Number of successful tenders	**—**	**1**	**—**	**—**
— Ruiyuan Group Connected Persons	—	—	—	—
— Independent Third Parties	—	1	—	—
Success rate *(approximately)* *(%)*	**—**	**100.0**	**—**	**—**
— Ruiyuan Group Connected Persons	—	—	—	—
— Independent Third Parties	—	100.0	—	—

BUSINESS

	FY2021	FY2022	FY2023	FY2024
Community living services				
New retail				
Number of tenders submitted	—	**3**	**43**	**19**
— Ruiyuan Group Connected Persons	—	—	—	—
— Independent Third Parties	—	3	43	19
Number of successful tenders	—	**1**	**11**	**13**
— Ruiyuan Group Connected Persons	—	—	—	—
— Independent Third Parties	—	1	11	13
Success rate *(approximately)* *(%)*	—	**33.3**	**25.6**	**68.42**
— Ruiyuan Group Connected Persons	—	—	—	—
— Independent Third Parties	—	33.3	25.6	68.42
Catering services				
Number of tenders submitted	**1**	**4**	**2**	**12**
— Ruiyuan Group Connected Persons	—	—	—	—
— Independent Third Parties	1	4	2	12
Number of successful tenders	—	**4**	**2**	**11**
— Ruiyuan Group Connected Persons	—	—	—	—
— Independent Third Parties	—	4	2	11
Success rate *(approximately)* *(%)*	—	**100.0**	**100.0**	**91.7**
— Ruiyuan Group Connected Persons	—	—	—	—
— Independent Third Parties	—	100.0	100.0	91.7

Note: There were fewer tender opportunities for property value-added services since 2023 as the customers of such segment are generally individual consumers who require renovation and home maintenance services and car park users.

For FY2021, FY2022, FY2023 and FY2024, our revenue generated from projects obtained via tendering amounted to RMB374.6 million, RMB610.5 million, RMB749.1 million and RMB595.8 million (for projects whose duration spanned across multiple periods, their revenue contributions for each year were determined based on their respective applicable revenue recognition policies), respectively, representing 57.9%, 62.3%, 67.2% and 53.5% of our total revenue of the corresponding years, respectively. In addition to tendering, we also acquired new contracts through other ways such as competitive negotiations, requests for quotation and word of mouth.

BUSINESS

OUR BUSINESS RELATIONSHIP WITH RUIYUAN GROUP CONNECTED PERSONS

We have maintained a long and close strategic relationship with Ruiyuan Group, one of the group entities comprising our Controlling Shareholder. Ruiyuan Group mainly engages in the investment and management of green engineering construction, high-end equipment manufacturing, health care, real estate development, financial services, cross-border e-commerce, education, eco-agriculture, port logistics and other industries. We have been primarily providing each of our IS integration solution services, property services and community living services to properties or facilities developed and owned by Ruiyuan Group since 2017. Ruiyuan Group and its associates as a whole were our top five customer during each of the years of the Track Record Period. For each of FY2021, FY2022, FY2023 and FY2024, our revenue generated from dealings with Ruiyuan Group Connected Persons amounted to RMB64.4 million, RMB62.1 million, RMB45.4 million and RMB83.4 million, respectively, accounting for 9.9%, 6.3%, 4.1% and 7.4% of our total revenue, respectively. During the Track Record Period, we were the sole provider of property services to the properties developed by Ruiyuan Group Connected Persons. However, there are other suppliers of IS integration solution services and community living services which Ruiyuan Group Connected Persons had procured from. Furthermore, although Ruiyuan Group had often introduced customers to our Group for business acquaintances, all business obtained by our Group during the Track Record Period were assessed by our customers based on our track record and capabilities. None of the contracts obained by our Group from each of our business segments was conditional upon the engagment of Ruiyuan Group as part of the project, or vice versa.

IS integration solution services

For each of FY2021, FY2022, FY2023 and FY2024, our revenue generated from IS integration solution services provided to Ruiyuan Group Connected Persons amounted to RMB19.8 million, RMB28.4 million, RMB6.8 million and RMB48.1 million, respectively, accounting for 3.1%, 2.9%, 0.6% and 4.3% of our total revenue, respectively.

For each of FY2021, FY2022, FY2023 and FY2024, the revenue generated were attributable to 12, 14, 20 and ten IS integration solution projects with Ruiyuan Group Connected Persons, representing 13.3%, 13.6%, 21.7% and 8.8% of the total number of projects we had during the respective years. As at 31 December 2024, there were 12 on-going projects with Ruiyuan Group Connected Persons.

Property Services

Property management services

For FY2021, FY2022, FY2023 and FY2024, our revenue generated from property management services provided to Ruiyuan Group Connected Persons amounted to RMB12.8 million, RMB12.6 million, RMB13.0 million and RMB12.1 million, respectively, accounting for 2.0%, 1.3%, 1.2% and 1.1% of our total revenue, respectively.

In 2024, 37 properties under our management were developed by Ruiyuan Group Connected Persons with a total GFA of 2.2 million sq.m., representing 7.2% of our total GFA under management. For each of FY2021, FY2022, FY2023 and FY2024, 37, 40, 46 and 41 properties completed or under construction, which were developed by Ruiyuan Group Connected Persons, were newly delivered for our management. For the years ended 31 December 2021, 2022, 2023 and 2024, 8.4%, 8.3%, 8.4% and 7.2%, of our total GFA under management were developed by Ruiyuan Group Connected Persons, respectively.

BUSINESS

Property value-added services

For FY2021, FY2022, FY2023 and FY2024, our revenue generated from property value-added services provided to Ruiyuan Group Connected Persons amounted to RMB8.6 million, RMB8.1 million, RMB9.3 million and RMB8.2 million, respectively, accounting for 1.3%, 0.8%, 0.8% and 0.7% of our total revenue, respectively.

Community living services

For FY2021, FY2022, FY2023 and FY2024, our revenue generated from community living services provided to Ruiyuan Group Connected Persons amounted to RMB12.1 million, RMB4.9 million, RMB8.0 million and RMB6.9 million, respectively, accounting for 1.9%, 0.5%, 0.7% and 0.6% of our total revenue, respectively.

Our management team is of the view that we do not heavily rely on Ruiyuan Group, in particular, in terms of revenue and gross profit generated from the provision of our services. Nevertheless, we believe that the business relationship between our Group and Ruiyuan Group is mutually beneficial and complementary and presents a sustainable business model. Over years of cooperation, our Group and Ruiyuan Group have developed a mutual and deep understanding of each other's business operations and shared a similar service philosophy. Our long-term cooperation relationship with and proven track record of providing services to Ruiyuan Group have led to our familiarity with the standards and requirements of Ruiyuan Group, which has enabled us to reduce communication costs, build mutual trust and constantly provide high quality services to Ruiyuan Group's stringent demands and requirements to reinforce our existing market position and enhance our competitiveness in the PRC.

Mutually beneficial relationship between our Group and Ruiyuan Group

We believe that we are able to maintain a mutually beneficial and complementary relationship with Ruiyuan Group:

(1) **Our comprehensive services:** during the Track Record Period, we had a wide service mix, covering mainly IS integration solution services, property services and community living services. According to Frost & Sullivan, in 2023, our Group was the second-largest Shandong-based livelihood service provider in China's comprehensive smart city solution industry and fifth in terms of GFA under management as Shandong Province based property service provider;

(2) **Our R&D expertise:** the success of our business is dependent on our strong technological capabilities that support us in delivering superior services, increasing operational efficiency and enabling innovation. Our ability to provide tailor-made IS integration solutions in the form of hardware equipment with embedded self-developed software systems enable us to assist Ruiyuan Group Connected Persons to effectively and efficiently respond to their preferences over their daily needs. For each of FY2021, FY2022, FY2023 and FY2024, we had 12, 14, 20 and ten IS integration solution projects with Ruiyuan Group Connected Persons, respectively;

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(3) **Proximate locations facilitating strategic cooperation:** both our Group and Ruiyuan Group are headquartered in Qingdao City which has strengthened our bond. As one of the major property developers in Qingdao City, Ruiyuan Group Connected Persons have an extensive property portfolio in Qingdao City. This has created opportunities for our Group to provide property services and community living services in the properties that are developed by Ruiyuan Group Connected Persons. During the Track Record Period, we were the sole supplier of property services to the properties that are developed by Ruiyuan Group Connected Persons;

(4) **Our long-standing and stable relationship with Ruiyuan Group Connected Persons:** we have developed a long-standing and stable relationship with Ruiyuan Group Connected Persons where we commenced our business cooperation since 2017. We were a supplier of each of IS integration solution services, property services and community living services to Ruiyuan Group Connected Persons. Upon the [REDACTED], we will enter into a series of agreements with Ruiyuan Group Connected Persons for the provision of various services and procurement of services and products. The agreements will be for an initial term of three years commencing on the date of the [REDACTED] in order to comply with the requirement under the Listing Rules. Ruiyuan Group Connected Persons cannot unilaterally terminate the relevant agreements during the three-year period as any amendment to or the termination of the agreements shall be made in writing by both parties. For details of the agreements, please refer to the section headed "Continuing Connected Transactions" in this document;

(5) **Mutual support:** During the Track Record Period, Ruiyuan Group and its associates were one of the top five customers for each of FY2021, FY2022, FY2023 and FY2024. For each of FY2021, FY2022, FY2023 and FY2024, our revenue generated from dealings with Ruiyuan Group Connected Persons amounted to RMB64.4 million, RMB62.1 million, RMB45.4 million and RMB83.4 million, respectively, accounting for 9.9%, 6.3%, 4.1% and 7.4% of our total revenue, respectively. At the same time, Ruiyuan Group Connected Persons have been relying on us as a stable supplier of high-quality services. During the Track Record Period, we were the sole provider of property services to the properties developed by Ruiyuan Group Connected Persons and we were also their important suppliers of IS integration solution services and community living services.

In the context of our relationship with Ruiyuan Group, it is imperative that if Ruiyuan Group serves as a customer of our Group, we adopt their ESG standards, which include monitoring best practice standards in workforce safety, good governance, and responsible use of utilities. Conversely, should Ruiyuan Group act as a supplier, we will require their compliance with our ESG standards, similar to the requirements imposed on third-party suppliers, and Ruiyuan Group will need to sign a confirmation letter to confirm that Ruiyuan Group will comply with the ESG standards required by us. Furthermore, the direct and indirect carbon emissions arising from projects undertaken in collaboration with Ruiyuan Group are incorporated into the key metric indicators. See "Business — Social Health, Safety And Environmental Matters' for further details.

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OUR CUSTOMERS

We have a large, growing and loyal customer base primarily consisting of property owners, property developers, governmental departments, industrial parks and enterprises. The following table sets forth the types of our major customers for each of our three major business lines.

Business lines	Major customers
IS integration solutions	Governmental departments and enterprises and institutions
Property services	Property owners, property users, property developers and other enterprises and institutions
Community living services	Communities residents, enterprises and institutions and property management companies

Revenue from our five largest customers for each of FY2021, FY2022, FY2023 and FY2024 amounted to RMB201.5 million, RMB429.9 million, RMB500.2 million and RMB373.4 million, representing 31.1%, 43.9%, 44.8%, and 33.6% of our total revenue in the respective years. Revenue from our largest customer in each year of the Track Record Period amounted to RMB94.4 million, RMB316.8 million, RMB187.2 million and RMB157.2 million, representing 14.6%, 32.3%, 16.8% and 14.1% of our total revenue in the respective years. For each of FY2021, FY2022, FY2023 and FY2024, all of our five largest customers, except Ruiyuan Group and its associates, are governmental departments or private institutions. For each year during the Track Record Period, all of our five largest customers are located in the PRC and, except Ruiyuan Group and its associates, these customers are Independent Third Parties.

BUSINESS

Our Top Five Customers

The following tables set forth certain details of our five largest customers in each year during the Track Record Period:

FY2021

Rank	Customer	Background information	Commencement of business relationship with us	Services primarily provided by us	Revenue	Percentage of total revenue	Credit term	Payment method(s)	Relationship with us
					(RMB'000)	*(%)*			
1.	Qingdao West Coast New Area Industry and Information Technology Bureau (青島西海岸新區工業和信息化局)	A governmental department which is responsible for technological transformation of enterprises in the industrial and information fields, development of information industry and big data industry, etc.	2021	**IS integration solution services:** communities services; **other services:** consultation service	94,390	14.6	For IS integration solution services: payment by stages up to 120 months; For other services: upon delivery	Telegraphic transfer	Substantial shareholder of one of our subsidiaries
2.	Ruiyuan Group and its associates	Large-scale conglomerate which is engaged in social and economic consulting services, supply chain management services, real estate, water conservancy and hydropower, surveying, health, etc.	2017	**IS integration solution services:** communities services, parks services and other IS integration solution services; **property services:** property management services and property value-added services; **community living services:** new retail and catering services; **other services:** construction services and sales of equipment	51,704	8.0	For IS integration solution services: payment by stages from 12 months to 24 months; For property services: quarterly paid or monthly paid; For community living services: upon delivery; For other services: payment by stages up to 12 months	Telegraphic transfer and bank transfer	Related party
3.	Pingdu City Construction Investment and Development Co., Ltd. (平度市城市建設投資開發有限公司) and its associates	Large-scale conglomerate which is engaged in among others, landscaping project construction; foreign contracting projects; property management; parking lot services; project management services; agricultural production custody services and others	2021	**Property services:** property management services; **community living services:** new retail and catering services	24,460	3.8	For property services: quarterly paid; For community living services: upon delivery	Telegraphic transfer	Independent Third Parties
4.	Qingdao Yuanruichang Information Technology Co., Ltd. (青島源瑞昌信息科技有限公司) and its associates	Large-scale conglomerate which is engaged in among others, technical services, development, consultation, food sales; business training, domestic trade agency and others	2021	**Other services:** sales of equipment	15,735	2.4	Payment by stages up to 24 months	Telegraphic transfer	Independent Third Parties
5.	Qingdao West Coast New Area Ocean Holding Group Co., Ltd.(青島西海岸新區海洋控股集團有限公司) and its associates	Large-scale conglomerate which is engaged in among others, investment management, asset operation, equity management and capital operation, fund management and others	2018	**Property services:** property management services and property value-added services; **community living services:** catering services	15,207	2.3	For property services: quarterly paid or monthly paid; For community living services: upon delivery	Telegraphic transfer	Independent Third Parties
	Total				**201,496**	**31.1**			

BUSINESS

FY2022

Rank	Customer	Background information	Commencement of business relationship with us	Services primarily provided by us	Revenue	Percentage of total revenue	Credit term	Payment method(s)	Relationship with us
					(RMB'000)	*(%)*			
1.	Qingdao West Coast New Area Industry and Information Technology Bureau (青島西海岸新區工業和信息化局)	See above	2021	**IS integration solution services:** communities services; **property services:** property management services	316,769	32.3	For IS integration solution services: payment by stages up to 120 months; For property services: payment by stages up to 12 months *(Note 1)*	Telegraphic transfer	Substantial shareholder of one of our subsidiaries
2.	Ruiyuan Group and its associates	See above	2017	**IS integration solution services:** communities services, parks services and other IS integration solution services; **property services:** property management services and property value-added services; **community living services:** new retail and catering services; **other services:** construction services, consultation service and sales of equipment	36,988	3.8	For IS integration solution services: payment by stages from 12 months to 24 months; For property services: quarterly paid or monthly paid; For community living services: upon delivery; For other services: payment by stages up to 12 months	Telegraphic transfer and bank transfer	Related party
3.	Shandong Zhongan Hengning Emergency Industry Group Co., Ltd. (山東中安恒寧應急產業集團有限公司)	A company engaged in enterprise management, social and economic consulting services, commercial complex management services, supply chain management services, real estate, water conservancy and hydropower, surveying, health businesses	2022	**IS integration solution services:** parks services	31,555	3.2	Payment by stages up to 12 months	Telegraphic transfer	Independent Third Party
4.	Pingdu City Construction Investment and Development Co., Ltd. (平度市城市建設投資開發有限公司) and its associates	See above	2021	**Property services:** property management services; **community living services:** new retail and catering services	23,255	2.4	For property services: quarterly paid; For community living services: upon delivery	Telegraphic transfer	Independent Third Party
5.	Qingdao Ruiyuan Traditional Chinese Medicine Hospital (青島瑞源中醫醫院)	A people-run non-enterprise unit which was set up for the provision of medical services	2021	**IS integration solution services:** other IS integration solution services	21,325	2.2	Payment by stages up to 24 months	Telegraphic transfer	Related party *(Note 2)*
	Total				**429,892**	**43.9**			

Notes:

1. The credit term agreed under the relevant property service contract was equivalent to the service period under the agreement, which is one year.

2. Our Controlling Shareholder, Ms. Pan Caihong is a legal representative of this customer.

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FY2023

Rank	Customer	Principal business	Commencement of business relationship with us	Services primarily provided by us	Revenue (RMB'000)	Percentage of total revenue (%)	Credit term	Payment method	Relationship with us
1.	Weifang Suangu Digital Industry Development Co., Ltd. (濰坊算谷數字產業發展有限公司)	A company engaged in IT consulting services, digital contract production services and technical service and development	2023	**IS integration solution services:** parks services	187,173	16.8	Payment by stages up to 36 months	Credit note	Independent Third Party
2.	China Mobile Communications Group Shandong Co., Ltd. (中國移動通信集團山東有限公司) and its associates	A group of companies engaged in mobile communications related business	2019	**IS integration solution services:** communities services, parks services, governance services and other IS integration solution services; **property services:** property management services and property value-added services	143,803	12.9	For IS integration solution services: payment by stages up to 120 months; For property services: quarterly paid or monthly paid	Telegraphic transfer and bank transfer	Independent Third Party
3.	Qingdao West Coast New Area Industry and Information Technology Bureau (青島西海岸新區工業和信息化局)	See above	2021	**IS integration solution services:** communities services; **property services:** property management services	108,735	9.7	For IS integration solution services: payment by stages up to 120 months; For property services: payment by stages up to 12 months	Telegraphic transfer	Substantial shareholder of one of our subsidiaries
4.	Ruiyuan Group and its associates	See above	2017	**IS integration solution services:** communities services, parks services, governance services and other IS integration solution services; **property services:** property management services and property value-added services; **community living services:** new retail and catering services; **other services:** construction service and consultation service	38,771	3.5	For IS integration solution: payment by stages from 12 months to 24 months; For property service: quarterly paid or monthly paid; For community living services: upon delivery; For other services: payment by stages up to 12 months	Telegraphic transfer and bank transfer	Related party
5.	Shandong Zhongxin Shitong Information Technology Co., Ltd. (山東中鑫世通信息技術有限公司)	A company engaged in IT consulting services, technical services, technical development and consultation	2023	**IS integration solution services:** parks services	21,744	1.9	Payment by stages up to 12 months	Telegraphic transfer	Independent Third Party
	Total				**500,226**	**44.8**			

BUSINESS

FY2024

Rank	Customer	Principal business	Commencement of business relationship with us	Services primarily provided by us	Revenue (RMB'000)	Percentage of total revenue (%)	Credit term	Payment method	Relationship with us
1.	China United Network Communications Group Co., Ltd. (中國聯合網絡通信集團有限公司) and its associates	A group of companies engaged in telecommunication services	2020	**IS integration solution services:** parks services and other IS integration solution services; **property services:** property value-added services	157,235	14.1	For IS integration solution services: payment by stages up to 60 months; For property services: yearly paid	Telegraphic transfer and bank transfer	Independent Third Party
2.	Ruiyuan Group and its associates	See above	2017	**IS integration solution services:** community services and other IS integration solution services; **property services:** property management services and property value-added services; **community living services:** new retail and catering services; **other services**	77,817	7.0	For IS integration solution: payment by stages from 12 months to 24 months; For property service: quarterly paid or monthly paid; For community living services: upon delivery; For other services: payment by stages up to 12 months	Telegraphic transfer and bank transfer	Related party
3.	West Coast Public Utilities (青島西海岸公用事業集團有限公司) and its associates	A company engaged in the purchase of public utilities services	2019	**IS integration solution services:** governance services and other IS integration solution services; **property services:** property management services; **community living services:** new retail services	69,672	6.3	For IS integration solution: payment by stages up to 36 months; For property service: monthly paid; For community living services: paid every two months	Telegraphic transfer and bank transfer	Independent Third Party
4.	Shandong Zhengchen Technology Stock Co., Ltd. (山東正晨科技股份有限公司) and its associates	A company engaged in construction services	2024	**IS integration solution services:** governance services and other IS integration solution services; **community living services:** catering services	40,197	3.6	For IS integration solution: payment by stages up to 60 months; For community living services: monthly paid	Bank transfer	Independent Third Party
5.	Shenbang Intelligent Technology Group (Qingdao) Co., Ltd. (深邦智能科技集團(青島)有限公司)	A company engaged in intelligent sensing and digital detection technology solutions	2024	**IS integration solution services:** parks services, governance services and other IS integration solution services	28,488	2.6	Payment by stages up to 12 months	Bank transfer	Independent Third Party
	Total				**373,409**	**33.6**			

We granted certain major customers relatively longer credit terms such as up to 60 or 120 months mainly because (i) we can have advantages in terms of major customer acquisition leveraging such long credit terms; and (ii) such long credit terms can demonstrate our trust in these major customers, which help enhance customer loyalty and establish long-term relationships. Before granting such long credit terms, we had carefully considered a variety of factors, including the customers' creditworthiness, the costs and profitability level related to the relevant contracts, our financial liquidity and the priority of our business strategies, and as we believed these factors warranted such long credit terms, we granted such terms based on negotiations in arm's length. According to Frost & Sullivan, such credit terms we granted to our major customers is an industrial norm.

BUSINESS

As at the Latest Practicable Date, we were not aware of any information or arrangements which would lead to cessation or termination of our relationships with any of our five largest customers in each year of the Track Record Period. As at the Latest Practicable Date, save as otherwise disclosed in this document, none of our Directors, their close associates or any Shareholders which, to the knowledge of our Directors, owns more than 5% of the number of issued shares of our Company, had any interest in any of our five largest customers (other than Ruiyuan Group) in each year of the Track Record Period.

Feedback and Complaint Management

During the ordinary course of our business operations, we receive feedback, suggestions and complaints from our customers from time to time regarding our services. We encourage our customers to reach out to our staff face-to-face or through our online service platform or telephone. For complaints received, our staff is generally required to respond within 24 hours for business complaints and one business day for network complaints. Depending on the nature and seriousness of the complaint, the responsible staff will attend the concerned property to resolve the issue when necessary. Pursuant to our quality control policies, all complaints are recorded and the handling progress is reviewed and monitored by our project management team regularly. These procedures help ensure that all complaints are handled and resolved in a timely manner in order to uphold the quality of our service. For details of our quality control policies, please refer to the paragraph headed "— Quality Control" in this section of this document.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material complaint or other legal claims from our customers due to quality issues of our services and/or products we offered.

OUR SUPPLIERS

During the Track Record Period, our suppliers are primarily subcontractors located in the PRC which provide labour subcontracting services and material suppliers to us. We outsource certain services primarily including cleaning, security and repair and maintenance services, to subcontractors on an as-needed basis, in order to reduce our operating costs, improve service quality and dedicate more resources to management and other services. Our subcontractors specialise in the services they perform and operate in an efficient manner. We believe that such sub-contracting arrangements allow us to leverage the human resources and technical expertise of our sub-contractors, reduce our labour costs and enhance our overall profitability. The majority of subcontracted works are applied to our property services during the Track Record Period.

Purchases from our five largest suppliers for each of FY2021, FY2022, FY2023 and FY2024 amounted to RMB130.7 million, RMB251.6 million, RMB266.7 million and RMB263.8 million, representing 29.0%, 35.1%, 32.9% and 31.9% of our total purchases in the respective years. Purchases from our largest supplier in each year during the Track Record Period amounted to RMB43.8 million, RMB84.1 million, RMB61.9 million and RMB91.2 million, representing 9.7%, 11.7%, 7.6% and 11.0% of our total purchases in the respective years. During the Track Record Period, all of our five largest suppliers in each of the year are Independent Third Parties.

BUSINESS

Our Top Five Suppliers

The following tables set forth certain details of our five largest suppliers in each year during the Track Record Period:

FY2021

Rank	Supplier	Principal business	Commencement of business relationship with us	Services/products primarily procured by us	Purchase amount	Percentage of total purchase amount	Credit term	Payment method	Relationship with us
					(RMB'000)	*(%)*			
1.	Qingdao Zhongcheng Shilian Human Resources Co., Ltd. (青島終成世聯人力資源有限公司) and its associates	A group of companies engaged in human resources services, talent dispatch, labour outsourcing, flexible employment, vocational education, management consulting	2020	Labour subcontracting	43,801	9.7	Monthly paid	Bank transfer	Independent Third Party
2.	Chengwu Zhilian Labor Service Co., Ltd. (成武智聯勞務有限公司) and its associates	A group of companies engaged in domestic labour dispatch, labour services, labour outsourcing, economic information consulting and cargo handling	2018	Labour subcontracting	39,736	8.8	Monthly paid	Bank transfer	Independent Third Party
3.	Qingdao Lianzhida Enterprise Management Co., Ltd. (青島聯智達企業管理有限公司)	A company engaged in enterprise management consulting, housekeeping services, professional cleaning, cleaning and disinfection services and property management	2019	Labour subcontracting	20,350	4.5	Monthly paid	Bank transfer	Independent Third Party
4.	Shanghai SenseTime Intelligent Technology Co., Ltd. (上海商湯智能科技有限公司)	A company engaged in sales of smart equipment	2019	Raw material for our IS integration solution services	13,777	3.1	Payment by stages up to 36 months	Bank transfer	Independent Third Party
5.	State Grid Corporation of China (國家電網有限公司) and its associates	A state-owned power grid company	2014	Supplier of electricity	13,058	2.9	Monthly paid	Bank transfer	Independent Third Party
	Total				130,722	29.0			

BUSINESS

FY2022

Rank	Supplier	Principal business	Commencement of business relationship with us	Services/products primarily procured by us	Purchase amount	Percentage of total purchase amount	Credit term	Payment method	Relationship with us
					(RMB'000)	*(%)*			
1.	China Mobile Communications Group Shandong Co., Ltd. (中國移動通信集團山東有限公司) and its associates	A group of companies engaged in mobile communications related business	2014	Raw material and construction services for our IS integration solution services	84,088	11.7	Payment by stages up to 36 months	Telegraphic transfer	Independent Third Party
2.	Qingdao Runqingchen Trading Co., Ltd. (青島潤卿辰貿易有限公司)	A company engaged in sales smart equipment	2022	Smart equipment	63,509	8.9	Payment by stages up to 24 months	Telegraphic transfer	Independent Third Party
3.	Qingdao Zhongcheng Shilian Human Resources Co., Ltd. (青島終成世聯人力資源有限公司) and its associates	See above	2020	Labour subcontracting	51,097	7.1	Monthly paid	Bank transfer	Independent Third Party
4.	Chengwu Zhilian Labor Service Co., Ltd. (成武智聯勞務有限公司) and its associates	See above	2018	Labour subcontracting	28,941	4.0	Monthly paid	Bank transfer	Independent Third Party
5.	Tianjin Hengjia Enterprise Management Services Co., Ltd. (天津恒佳企業管理服務有限公司) and its associates	A company engaged in agency recruitment, labour dispatch, labour outsourcing, flexible employment, management consulting	2021	Labour subcontracting	23,981	3.3	Monthly paid	Bank transfer	Independent Third Party
	Total				**251,616**	**35.0**			

BUSINESS

FY2023

Rank	Supplier	Principal business	Commencement of business relationship with us	Services/products primarily procured by us	Purchase amount	Percentage of total purchase amount	Credit term	Payment method	Relationship with us
					(RMB'000)	*(%)*			
1.	Digital China (China) Co., Ltd. (神州數碼(中國)有限公司)	A company engaged in sales of smart equipment	2023	Raw material for our IS integration solution services	61,894	7.6	Payment by stages up to within warranty period	Credit note	Independent Third Party
2.	Qingdao Zhongcheng Shilian Human Resources Co., Ltd. (青島終成世聯人力資源有限公司) and its associates	See above	2020	Labour subcontracting	59,744	7.4	Monthly paid	Bank transfer	Independent Third Party
3.	Tianjin Hengjia Enterprise Management Services Co., Ltd. (天津恒佳企業管理服務有限公司) and its associates	See above	2021	Labour subcontracting	55,854	6.9	Monthly paid	Bank transfer	Independent Third Party
4.	Langchao Group Co., Ltd. (浪潮集團有限公司) and its associates	A group of companies engaged in sales of smart equipment, server and software services	2021	Network equipment and computer products	52,040	6.4	Payment by stages within 12 months	Telegraphic transfer	Independent Third Party
5.	Qingdao Xunzhijie Mechanical and Electrical Equipment Co., Ltd. (青島迅之捷機電設備有限公司)	A company engaged in sales of electronics and mechanical equipment and construction	2023	Engineering services	37,161	4.6	Payment by stages up to 36 months	Telegraphic transfer	Independent Third Party
	Total				**266,693**	**32.9**			

BUSINESS

FY2024

Rank	Supplier	Principal business	Commencement of business relationship with us	Services/products primarily procured by us	Purchase amount	Percentage of total purchase amount	Credit term	Payment method	Relationship with us
					(RMB'000)	*(%)*			
1.	Qingdao Zhongcheng Shilian Human Resources Co., Ltd. (青島終成世聯人力資源有限公司) and its associates	See above	2020	Labour subcontracting	91,227	11.0	Monthly paid	Bank transfer	Independent Third Party
2.	Beiruan Shuzhi Technology (Zhejiang) Co., Ltd. (北軟數智科技(浙江)有限公司)	A company engaged in software services	2024	Raw material for our IS integration solution services	69,381	8.4	Paid in delivery	Bank transfer	Independent Third Party
3.	Tianjin Hengjia Enterprise Management Services Co., Ltd. (天津恒佳企業管理服務有限公司) and its associates	See above	2021	Labour subcontracting	46,841	5.7	Monthly paid	Bank transfer	Independent Third Party
4.	Suzhou Sifang Jiexin Electronic Technology Co., Ltd. (蘇州四方杰芯電子科技有限公司)	A company engaged in the sale of devices	2024	Raw material for our IS integration solution services	34,991	4.2	Payment by stages up to 36 months	Bank transfer	Independent Third Party
5.	Nanjing Yuanzhi Information Technology Co., Ltd. (南京淵智信息科技有限公司)	A company engaged in software services	2024	Raw material for our IS integration solution services	21,396	2.6	Payment by stages up to 24 months	Bank transfer	Independent Third Party
	Total				263,836	31.9			

We did not encounter any acute supply shortages or material delay during the course of business relating to our suppliers, or any material claims attributable to our suppliers. Furthermore, we did not encounter any complaints, quality defects, delay of woks or non-compliance issues in any material respect in relation to the use and deployment of suppliers and/or subcontractors. As advised by the PRC Legal Advisors, (a) based on compliance certificates obtained by our Group and desktop search results, our Group had not been subject to any administrative penalties or punishments with respect to non-compliance with applicable laws and regulations in the PRC in relation to our Company's practice in subcontracting labour during the Track Record Period and up to the Latest Practicable Date; and (b) after obtaining and reviewing the subcontracting agreements entered into between our Group and its suppliers which provided labour subcontracting services to our Group during the Track Record Period, the entering into and terms of such agreements do not violate any applicable laws and regulations in the PRC. As at the Latest Practicable Date, save as otherwise disclosed in this document, we were not aware of any information or arrangements which would lead to cessation or termination of our relationships with any of our five largest suppliers for each of the year in the Track Record Period. As at the Latest Practicable Date, save as otherwise disclosed in this document, none of our Directors, their close associates or any Shareholders which, to the knowledge of our Directors, owns more than 5% of the number of issued shares of our Company, had any interest in any of our five largest suppliers for each of the year in the Track Record Period.

BUSINESS

Key Terms of Our Subcontracting Agreements

Our subcontracting agreements with various subcontractors such as those providing installation, cleaning, gardening and security services typically include the following key terms:

- *Term.* A typical subcontracting agreement generally has a fixed term. We will consider re-engaging the subcontractors based on their service fees and service quality.

- *Performance scope and standards.* A typical subcontracting agreement sets forth the scope and expected standards of the subcontractor's services, including areas to which the subcontracting services relate, frequency for such service and the types of inspections we require. We also require our subcontractors to adhere to quality standards, safety, reporting times, uniforms and etiquette guidelines as stipulated under the subcontracting agreements.

- *Subcontracting fees.* Subcontracting fees are typically payable by us on a monthly or quarterly or project progress basis according to the relevant subcontracting agreements. We typically review the quality of the services provided by subcontractors regularly. If the subcontractors' services meet our standards, we will pay the monthly or quarterly or project progress subcontracting fees in full; otherwise, we will deduct the subcontracting fees a penalty fee as specified in the subcontracting agreements.

- *Our rights and obligations.* Generally, we have both the right and obligation to supervise and evaluate our subcontractors. We are also responsible for providing them with the necessary support for the completion of their services. We generally pay subcontracting fees on a monthly or quarterly basis, depending on what is agreed on in the contract. We are entitled to collect fines or deduct subcontracting fees if our subcontractors fail to adhere to our performance scope and standards according to the relevant subcontracting agreements.

- *Rights and obligations of subcontractors.* Our subcontractors are responsible for obtaining licenses, permits or certificates necessary for conducting their business operations. They also undertake to provide their services in accordance with the scope, frequency and standards of quality prescribed in the relevant subcontracting agreements.

- *Procurement of raw materials.* Our subcontractors will generally procure their own tools and other raw materials required for providing their contracted services.

- *Termination and renewal.* We monitor and assess the performance of subcontractors regularly. Generally, we have the right to terminate a subcontracting agreement if our subcontractor fails to adhere to its obligations.

BUSINESS

Key Terms of Our Agreements with Hardware and Software Suppliers

Our agreements with hardware and software suppliers typically include the following key terms:

- *Payment terms*. Our payments to hardware and software suppliers typically include three installments: (i) the first installment paid after contract signing; (ii) the second installment paid after delivery and acceptance of the relevant hardware or software products; and (iii) the third installment paid after the expiration of the warranty period, which is normally three years.

- *Warranty*. We typically have a warranty period of three years, during which the suppliers should provide repair and maintenance services upon one-day notice in the case where there are damages or malfunction issues related to their products. Such services are free of charge.

- *Product liability*. The hardware and software suppliers should be liable for all the damages caused by the quality issues of their products, and pay additional compensations amounting to twice the contract price.

BUSINESS

OVERLAPPING CUSTOMERS AND SUPPLIERS

During the Track Record Period, certain of our top five customers are our suppliers and vice versa (the "**Overlapping Customers and Suppliers**")[6]. Set out below are the details of the Overlapping Customers and Suppliers and the transaction values during the Track Record Period:

Identities of Overlapping Customers and Suppliers	Background information	Major Transaction Nature	Revenue generated								Purchases from							
			FY2021		FY2022		FY2023		FY2024		FY2021		FY2022		FY2023		FY2024	
			(RMB'000)	% of our total revenue	(RMB'000)	% of our total revenue	(RMB'000)	% of our total revenue	(RMB'000)	% of our total revenue	(RMB'000)	% of our total purchase	(RMB'000)	% of our total purchase	(RMB'000)	% of our total purchase	(RMB'000)	% of our total purchase
Ruyuan Group and its associates	Large-scale conglomerate which is engaged in social and economic consulting services, supply chain management services, real estate, water conservancy and hydropower, surveying, health, etc.	— Provision of communities services, parks services, governance services, other IS integration solution services, property management service, property value-added services, new retail, catering services, construction services, consultation services and sales of equipment — Procurement of real property leasing and renovation services, vehicle leasing and maintenance services, and agricultural products	51,704	8.0	36,988	3.8	38,771	3.5	77,817	7.0	3,647	0.8	6,624	0.9	5,190	0.6	1,678	0.2
Pingdu City Construction Investment and Development Co., Ltd.(平度市城市建設投資開發有限公司) and its associates	Large-scale conglomerate which is engaged in among others, landscaping project construction; foreign contracting projects; property management; parking lot services; project management services; agricultural production custody services and others	— Provision of property management services, new retail and catering services — Procurement of labour subcontracting services	24,460	3.8	23,255	2.4	12,761	1.1	12,990	1.2	279	0.1	1,404	0.2	2,380	0.3	14,018	1.7
Qingdao West Coast New Area Ocean Holding Group Co., Ltd.(青島西海岸新區海洋控股集團有限公司) and its associates	Large-scale conglomerate which is engaged in among others, investment management, asset operation, equity management and capital operation, fund management and others	— Provision of property management services, property value-added services and catering services — Procurement of utilities	15,207	2.3	15,437	1.6	13,271	1.2	14,297	1.3	193	0.0*	177	0.0*	1,032	0.1	794	0.1
China Mobile Communications Group Shandong Co., Ltd.(中國移動通信集團山東有限公司) and its associates	A group of companies engaged in mobile communications related business	— Provision of communities services, parks services, governance services, other IS integration solution services, property management services and property value-added services — Procurement of raw materials and construction services for IS integration solution services	7,479	1.2	8,521	0.9	143,803	12.9	24,894	2.2	8,794	2.0	84,088	11.7	12,442	1.5	1,431	0.2

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Identities of Overlapping Customers and Suppliers	Background information	Major Transaction Nature	Revenue generated FY2021 (RMB'000)	% of our total revenue	FY2022 (RMB'000)	% of our total revenue	FY2023 (RMB'000)	% of our total revenue	FY2024 (RMB'000)	% of our total revenue	Purchases from FY2021 (RMB'000)	% of our total purchase	FY2022 (RMB'000)	% of our total purchase	FY2023 (RMB'000)	% of our total purchase	FY2024 (RMB'000)	% of our total purchase
Qingdao Zhongcheng Shilian Human Resources Co., Ltd. (青島众倍世聯人力資源有限公司) and its associates	A group of companies engaged in human resources services, talent dispatch, labour outsourcing, flexible employment, vocational education, management consulting	— Provision of property management services — Procurement of labour subcontracting services	N/A	N/A	N/A	N/A	759	0.1	613	0.1	43,801	9.7	51,097	7.1	59,744	7.4	91,227	11.0
Chengwu Zhilian Labor Service Co., Ltd. (成武智聯勞務有限公司) and its associates	A group of companies engaged in domestic labour dispatch, labour services, labour outsourcing, economic information consulting and cargo handling	— Provision of property management services — Procurement of labour subcontracting services	N/A	N/A	48	0.0*	N/A	N/A	N/A	N/A	39,736	8.8	28,941	4.0	20,771	2.6	17,005	2.1
Qingdao Lianzhida Enterprise Management Co., Ltd. (青島聯智達企業管理有限公司)	A company engaged in enterprise management consulting, housekeeping services, professional cleaning, cleaning and disinfection services and property management	— Provision of property management services — Procurement of labour subcontracting services	N/A	N/A	N/A	N/A	5	0.0*	0*	0.0*	20,350	4.5	7,206	1.0	2	0.0*	N/A	N/A
State Grid Corporation of China (國家電網有限公司) and its associates	A state-owned power grid company	— Provision of property management services — Procurement of electricity	975	0.2	911	0.1	943	0.1	943	0.1	13,058	2.9	6,293	0.9	4,670	0.6	5,289	0.6
Tianjin Hengjia Enterprise Management Services Co., Ltd. (天津恒佳企業管理服務有限公司) and its associates	A company engaged in agency recruitment, labour dispatch, labour outsourcing, flexible employment, management consulting	— Provision of catering services — Procurement of labour subcontracting services	N/A	N/A	N/A	N/A	12	0.0*	4	0.0*	726	0.2	23,981	3.3	55,854	6.9	46,841	5.6
West Coast Public Utilities (青島西海岸公用事業集團有限公司) and its associates	A company engaged in the purchase of public utilities services	— Provision of property management services, new retail and catering services, and electronic devices — Procurement of utilities	1,998	0.3	12,315	1.3	9,591	0.9	69,672	6.3	545	0.1	242	0.0*	590	0.1	865	0.1
China United Network Communications Group Co., Ltd. (中國聯合網絡通信集團有限公司) and its associates	A group of companies engaged in telecommunication services	— Provision of property management services — Procurement of telecommunication services	1	0.0*	5,147	0.5	24	0.0*	157,235	14.1	4	0.0*	33	0.0*	41	0.0*	157	0.0*
Total			101,824	15.7	102,622	10.5	219,941	19.7	358,466	32.2	131,133	29.1	210,087	29.3	162,717	20.0	179,305	21.6

* represents rounding difference

Save that Ruiyuan Group and its associates are related parties of our Group, all other Overlapping Customers and Suppliers are our Independent Third Parties.

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For FY2021, our aggregate revenue attributable to the Overlapping Customers and Suppliers amounted to approximately RMB101.8 million, representing approximately 15.7% of our total revenue and the gross profit from the relevant projects with these Overlapping Customers and Suppliers amounted to approximately RMB17.9 million with gross profit margin of approximately 24.8%. For the same year, purchase from the same entities amounted to approximately RMB131.1 million, representing approximately 29.1% of our total purchase.

For FY2022, our aggregate revenue attributable to the Overlapping Customers and Suppliers amounted to approximately RMB102.6 million, representing approximately 10.5% of our total revenue and the gross profit amounted from the relevant projects with these Overlapping Customers and Suppliers to approximately RMB16.2 million with gross profit margin of approximately 25.3%. For the same year, purchase from the same entities amounted to approximately RMB210.1 million, representing approximately 29.3% of our total purchase.

For FY2023, our aggregate revenue attributable to the Overlapping Customers and Suppliers amounted to approximately RMB219.9 million, representing approximately 19.7% of our total revenue and the gross profit amounted from the relevant projects with these Overlapping Customers and Suppliers to approximately RMB30.1 million with gross profit margin of approximately 16.7%. For the same year, purchase from the same entities amounted to approximately RMB162.7 million, representing approximately 20.0% of our total purchase.

For FY2024, our aggregate revenue attributable to the Overlapping Customers and Suppliers amounted to approximately RMB358.5 million, representing approximately 32.2% of our total revenue and the gross profit amounted from the relevant projects with these Overlapping Customers and Suppliers to approximately RMB29.9 million with gross profit margin of approximately 29.9%. For the same year, purchase from the same entities amounted to approximately RMB179.3 million, representing approximately 21.6% of our total purchase.

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The gross profit and gross profit margin of the relevant projects with the Overlapping Customers and Suppliers are as follows:

Identities of Overlapping Customers and Suppliers	FY2021		FY2022		FY2023		FY2024	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
Ruiyuan Group and its associates	8,425	25.0	6,670	27.8	6,915	26.3	19,113	27.6
Pingdu City Construction Investment and Development Co., Ltd. (平度市城市建設投資開發有限公司) and its associates	5,657	23.1	6,321	27.2	3,390	26.6	4,393	33.8
Qingdao West Coast New Area Ocean Holding Group Co., Ltd. (青島西海岸新區海洋控股集團有限公司) and its associates	1,187	22.4	2,213	30.6	588	16.1	622	16.5
China Mobile Communications Group Shandong Co., Ltd. (中國移動通信集團山東有限公司) and its associates	2,538	34.0	876	10.3	18,214	13.8	4,733	71.9[1]
Qingdao Zhongcheng Shilian Human Resources Co., Ltd. (青島終成世聯人力資源有限公司) and its associates	N/A	N/A	N/A	N/A	255	33.6	50	8.1
Chengwu Zhilian Labor Service Co., Ltd. (成武智聯勞務有限公司) and its associates	N/A	N/A	10	21.7	N/A	N/A	N/A	N/A
Qingdao Lianzhida Enterprise Management Co., Ltd. (青島聯智達企業管理有限公司)	N/A	N/A	N/A	N/A	2	36.7	0*	51.4
State Grid Corporation of China (國家電網有限公司) and its associates	42	4.3	61	6.7	66	7.0	67	7.1
Tianjin Hengjia Enterprise Management Services Co., Ltd. (天津恒佳企業管理服務有限公司) and its associates	N/A	N/A	N/A	N/A	3	22.8	1	21.0
West Coast Public Utilities (青島西海岸公用事業集團有限公司) and its associates	9	82.7[2]	13	26.3	684	18.7	880	15.2
China United Network Communications Group Co., Ltd. (中國聯合網絡通信集團有限公司) and its associates	0*	52.9	N/A	N/A	N/A	N/A	N/A	N/A

* represents rounding difference

Notes:

1. The high gross profit margin was because the transactions were generally sales in self-developed software, which has a high gross profit margin.

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2.   The high gross profit margin was because the non-recurring transaction in the property service project has a high gross profit margin.

According to Frost & Sullivan, it is not uncommon that peers in the IS integration solution services business, property services business and community living services business to engage their customers to provide services. Negotiations of the terms of our sales to and purchases from the Overlapping Customers and Suppliers were conducted on an individual basis and the sales and purchases were neither inter-connected nor interconditional with each other. On such basis and having considered that our pricing terms to/from the Overlapping Customers and Suppliers were comparable to market rates offered by other suppliers and to other customers, our Directors confirm that all of our sales to and purchases from the Overlapping Customers and Suppliers were conducted in the ordinary course of business on arm's length basis and on normal commercial terms.

OUR "CITY GUIDE" ONLINE SERVICE PLATFORM

We use our online service platform, "City Guide" (城市攻略), a WeChat mini programme, to provide users with access to our services both online and offline. This aims to enhance customer experience and loyalty, as well as increase our brand recognition. Registered users can access various services through our online platform, including: (i) reporting repair and housekeeping requests, (ii) contacting our property management customer service for assistance and complaints, (iii) paying property management fees, parking lots services fees, as well as reviewing and tracking fee statements and receiving payment reminders, (iv) accessing notices about community activities, (v) browsing information about community value-added services and products, and (vi) placing orders and arranging deliveries for daily necessities sourced from third-party suppliers and sold through the platform. Our "City Guide" online service platform was recognised as "Excellent Big Data Application Cases in Shandong Province" (山東省優秀大數據應用案例) in 2020.

Interface of our "City Guide" mini programme

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ISSUES IN RELATION TO CYBERSECURITY

Collection of Data from our Business Operations

During the ordinary course of our business operation, we may collect different types of personal data from our customers and users which are summarily set out below:

Our business operation	Types of personal data collected	Ownership and use of data collected
IS integration solution services	None. Our Group only provide technical and solutions to our customers for use, and it is our customers, instead of us, who will apply such solutions, which may involve personal data collection and processing. We therefore do not collect, store, use, process, transfer, provide, publicise or delete relevant customer data or personal data.	Not applicable as no personal data is collected.
Property services	Personal data of property owners and users, including names, identity cards numbers, mobile numbers, licence plates numbers and parking slots numbers, etc.	All personal data collected is stored on our privately deployed servers in the PRC. The processing rights to this data will not be granted to other parties without the authorisation of the data subjects, nor will it be provided to third parties outside our Group, except as required by law, judicial, enforcement, or governmental requests. All personal data is collected mainly for the purpose of providing property services to the property owners and users. For example, the names and house numbers of owners/users are collected for the purpose of collecting property fees.
Community living services	Personal data, including names, gender, identity cards numbers, addresses and mobile numbers, etc.	All personal data collected is stored on our privately deployed servers in the PRC. The types, purposes, and recipients of this data provided to third parties are set out in the users agreements. For example, such agreement specifies that the collection of address, mobile phone number and order information for the purpose of delivering the user's purchased goods to the user.

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As for our IS integration solution services, we customise information system design and business-specific systems catering for customer needs and deliver our product and services to our customers as deliverables. We are not involved in the operation nor utilisation of such deliverables and it is our customers, instead of us, who would apply such solutions, the process of which may involve personal data collection and processing and such data collected are in our customers' possession. We are only responsible for the after-sales maintenance of the solutions. We therefore do not collect, store, use, process, transfer, provide, publicise or delete relevant customer data or personal data. The ability of our IS integration solution as deliverable in the collection, storage, usage and transfer of data is as follows:
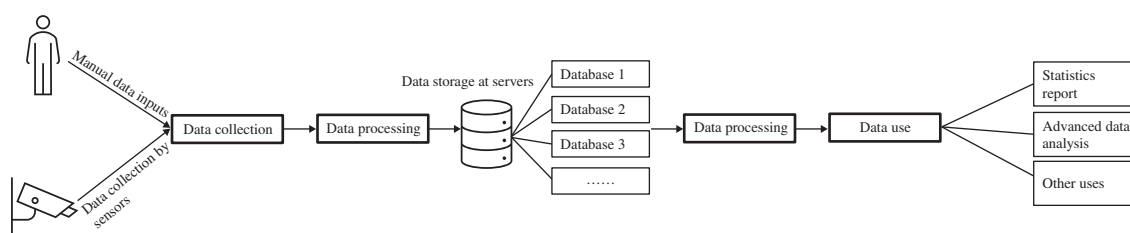
As illustrated by the flowchart above, when our customers use or operate the IS integration solutions purchased from us, our customers typically collect data from sensors automatically or by manual inputs, and the collected data would then be technically processed and encrypted as appropriate to be stored on servers and categorized into various databases. When our customers need to use such data, the data would be further technically processed and tailored to accommodate various needs such as statistical analysis, thus enhancing efficiency of our customers' operations and management.

Under our community living services on online retail sales, if users don't accept the terms of use of the relevant programme, including the terms of collection, use, dissemination and handling of personal data set out in such terms of use, we will not collect the users' personal data. We generally will not pass the personal data collected from our customers to third parties without the consent of the customers and we will only use such personal data for the provision of services that they have agreed to. During the Track Record Period and up to the Latest Practicable Date, there are no disputes between our Group and any of our customers and suppliers in relation to cyber security and data privacy.

As for our property services, we obtained personal data (i) directly from voluntary provision of data subjects, including property owners and users; and (ii) indirectly from property companies. In the case of voluntary provision of data subjects, we have obtained their consent for data collecting and processing for property services. As advised by our PRC Data Legal Advisors, under applicable PRC laws and regulations, collecting or processing personal data does not require data subjects' consent if such collecting or processing is for the purposes of performing contracts where the data subjects are relevant parties. Therefore, in the case of obtaining data indirectly from property companies, we are not required to obtain consent from data subjects because the purpose for us to collect and process such data is to perform the property service contracts where the data subjects are relevant parties. As for our community living services, we have obtained the consent from the data subjects before collecting and processing their personal data for providing such services.

As at the Latest Practicable Date, based on the due diligence conducted, including but not limited to reviewing the system backend statistical data and conducting interviews with the management team responsible for handling personal data by our PRC Data Legal Advisors, our Group possessed not more than 510,000 personal data from our business operations. The personal data collected is stored at our self-owned privately deployed servers which are located in the PRC.

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Such data collection and processing are mainly related to our property services and community living services, and our IS integration solution services do not involve collecting or processing personal data.

Our business operations involve data processing activities, that means data collection, storage, use, processing, transmission, provision and disclosure. We have adopted various measures, including Directors and management supervision, to ensure legal compliance. During the Track Record Period and as of the Latest Practicable Date, we had not experienced major leakage of personal information, and had not received any regulatory inquiries, investigations, notices, warnings, penalties, litigations or other legal proceedings in relation to laws and regulations of personal information protection. We are not aware of any material non-compliance of data protection laws and regulations. As confirmed by our PRC Data Legal Advisors, during the Track Record Period and up to the Latest Practicable Date, we are in compliance with all material aspects of applicable PRC laws and regulations with respect to privacy and personal information protection. Based on the independent work performed by our Internal Control Consultant, there was no material deficiency identified in our internal policies and procedures regarding data privacy protection.

Our Policy and Measures in respect of Cybersecurity, Data Security and Privacy

To ensure robust network security, data security, and the protection of personal information, we have implemented a comprehensive framework encompassing four key areas: organisational structure, personnel management, institutional safeguards, and security capabilities.

a.   Organisational Structure

We have established a Data Security Office as the central decision-making entity for data security management. This office is supported by the Data Security Management Group, which is responsible for consulting on, drafting, and implementing relevant policies and procedures. Additionally, the Data Security Execution Group operates in close collaboration with the management team to execute specific data security processes tailored to various scenarios. To oversee compliance, the Data Security Supervision Group conducts regular audits to assess adherence to data security policies by the management and execution groups, as well as by employees and external partners.

b.   Personnel Management

In terms of personnel management, we incorporate confidentiality clauses within employment contracts, requiring employees to sign a confidentiality agreement. Furthermore, our Network Information Security Management Measures and Employee Information Security Code mandate that all employees uphold their responsibilities regarding network information security. These measures ensure that personnel are aware of their obligations and the importance of safeguarding sensitive information.

c.   Institutional Safeguards

We instituted a variety of policies aimed at reinforcing data security. These include data classification and access control, data backup and recovery, and encryption and secure transmission protocols. Moreover, we emphasise the importance of employee training, security vulnerability management, and incident response procedures. A detailed emergency response management protocol delineates the organisational structure, roles, prevention mechanisms,

and response processes, alongside regular training exercises. Additionally, the company has appointed data compliance officers within the quality control center to oversee data compliance and risk management, complemented by network security engineers in the technical research center tasked with ensuring operational security.

d. Security Capabilities

The company and its subsidiaries have achieved several certifications related to information system security, including information system construction and service capability certificates, public safety business continuity management certification, and cloud service security management certification, among others. These certifications reflect our commitment to adhering to industry standards. Furthermore, we employ encryption measures for the transmission and storage of personal information, ensuring that privacy is maintained. In cases where personal information is no longer required, or upon request by the individual, the company undertakes deletion or anonymisation of such data.

Through these comprehensive measures, we demonstrate our dedication to maintaining high standards of data security and protecting personal information across all operations.

Regulations on Cybersecurity

On 28 December 2021, the CAC and other twelve PRC regulatory authorities jointly revised and promulgated Measures for Cybersecurity Review (網路安全審查辦法) (the "**Measures**") which came into effect on 15 February 2022. Pursuant to the Measures, the procurement of network products and services by Critical Information Infrastructure Operator (the "**CIIO**") and any data processing activities by network platform operators that affects or may affect national security shall apply for the cybersecurity review. In addition, network platform operators possessing personal information of more than one million users must apply to the Cybersecurity Review Office for cybersecurity review when they go public in a foreign country (國外上市). According to the Critical Information Infrastructure Security Protection Regulations, protection work departments are responsible for organising the identification of Critical Information Infrastructure (the "**CII**") within their industries and fields and notifying the operators about the identification results. As at the Latest Practicable Date, we have not received any notification from relevant regulatory authorities regarding our identification as a CIIO. Therefore, the obligation for CIIO to apply for cybersecurity review shall not be applicable to us as of the date of this document. As at the Latest Practicable Date, we possessed personal information of less than one million users and our [REDACTED] application does not constitute an "listing in a foreign country" because Hong Kong is an inseparable part of China under the Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China. In addition, according to the anonymous telephone consultation conducted by our PRC Data Legal Advisors with the China Cybersecurity Review, Certification and Market Regulation Big Data Centre, the application for [REDACTED] in Hong Kong does not require a proactive application for cybersecurity review. Therefore, as at the date of this document, the obligation of online platform operators who possess personal information of more than one million users to proactively apply for cybersecurity review when [REDACTED] in a foreign country does not apply to us.

Except voluntary applications, regulatory authorities may initiate cybersecurity reviews if it is of the opinion that the data processing activities carried out by the network platform operator affect or may affect national security. As to the risks that "affect or may affect national security", Article 10 of the Measures outlines the security risks which should be taken into consideration when the cybersecurity review assesses the potential national security risks, which mainly include the following

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seven factors: (i) the risk that the use of products and services could bring about the illegal control of, interference with, or destruction of the CII; (ii) the harm to CII business continuity of product and service supply disruptions; (iii) the security, openness, transparency, and diversity of sources of products and services, the reliability of supply channels, as well as the risk of supply disruptions due to political, diplomatic, and trade factors; (iv) product and service providers' compliance with Chinese laws, regulations, and department rules; (v) the risk that core data, important data or large amount of personal information being stolen, leaked, damaged, illegally used or illegally exported; (vi) the risk of CII, core data, important data, or large amount of personal information being affected, controlled, or maliciously used by foreign governments, as well as the risk of network information security, if a company goes public; and (vii) other factors that could harm CII security, cybersecurity and data security.

Scenarios (i)–(iv) mainly focus on security risks associated with CIIOs purchasing specific network products and services. As advised by our PRC Data Legal Advisors, according to the Critical Information Infrastructure Security Protection Regulations, protection work departments are responsible for organising the identification of CII within their industries and fields and notifying operators about the identification results. As at the Latest Practicable Date, we have not received any notification from relevant regulatory authorities regarding its identification of us as CIIO. Therefore, scenarios (i)–(iv) are not applicable to us as at the Latest Practicable Date.

In terms of scenario (v), as at the Latest Practicable Date, we have not received any notification from any government agency regarding the data processed by us in the catalogue of important data or core data or is identified as important data or core data. During the Track Record Period and up to the date of this document, the user data collected by us within the territory of mainland China during our business operations has been stored within the territory of mainland China. We have not experienced any material cybersecurity and data privacy incident including without limitation, personal information or other data theft, leakage, damage, tampering, loss and illegal use, or any claim from any infringement upon any third parties' right to data privacy. We have taken appropriate backup, encryption, access control and other necessary technical and organisational measures and set up overall cybersecurity and data protection policies to protect data from unauthorised access, disclosure, theft, tampering, destruction, loss, illegal use, or other serious incidents and breaches. We are of the view that it is not likely to trigger scenario (v). We will keep abreast and conform to the legislative and regulatory requirement to prevent the related risks that may trigger scenario (v).

Scenario (vi) applies to the risks when a company goes public. We are not likely to trigger scenario (vi) with respect to our [REDACTED] application, on the basis that: (i) we have not been identified as CIIO by relevant regulatory authorities; (ii) we have not received any notification from any government agency regarding the data processed by us in the catalogue of important data or core data, or is identified as important data or core data; (iii) the user data collected by us within the territory of mainland China as part of our business operations has been stored within the territory of mainland China; and (iv) we have set up appropriate technical and organisational measures and will continually make great effort to prevent the related risks that may trigger scenario (vi). However, as advised by our PRC Data Legal Advisor, the interpretation and applicability of "network information security" remains uncertain and subject to further clarification by the CAC or relevant regulatory authorities, we cannot preclude the possibility that this scenario may apply.

As to scenario (vii), our PRC Data Legal Advisors are of the view that the interpretation and applicability of it may be subject to uncertainty and further elaboration by the CAC or relevant regulatory authorities. We cannot preclude the possibility that this scenario may apply.

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Subject to the above uncertainties, we do not rule out the possibility that these risk factors may apply to us (as an online platform operator), and we may need to conduct a cybersecurity review. If we are required to conduct a cybersecurity review according to applicable regulations, we will conduct a cybersecurity review in due course.

On 24 September 2024, the State Council promulgated the Cyber Data Security Regulations which came into effect on 1 January 2025. The Cyber Data Security Regulations also specifically requires that if data processors carry out data processing activities which will affect or may affect the national security, they shall undergo a national security review in accordance with the relevant provisions of the state. As at the Latest Practicable Date, the Cyber Data Security Regulations have not been formally effective. We do not foresee any material impediments for us to comply with the Cyber Data Security Regulations in all material respects, on the basis that (i) as of the date of this document, we have not been subject to any material administrative penalties or other sanctions by any competent regulatory authorities in relation to cybersecurity, data and personal information protection; (ii) as of the date of this document, there has been no material cybersecurity, data and personal information protection incidents or infringement upon any third parties, or other administrative or legal proceedings, pending or, to the best of the knowledge of us, threatened against or relating to us; (iii) we have taken appropriate and necessary measures, policies and procedures that include legal controls involved in our cybersecurity, data and personal information risk management processes, such as documentation requirements, access control, security, and emergency response mechanism and preventive measures; and (iv) we will closely monitor the legislative and regulatory development in cybersecurity, data and personal information protection, and we will implement, maintain and continually improve our compliance practices to comply with regulatory and legal requirements in such respects. Base on the foregoing and the fact that we have not received any objection to the proposed [REDACTED] from relevant regulatory authorities, nor have we been involved in any investigation, official inquiry, examination, warning, or similar notice in such respect as of the date of this document, our Directors are of the view that the Cyber Data Security Regulations would not have an adverse and material impact on our business operations or the proposed [REDACTED].

OUR BUSINESS PROSPECTS AND MARKET OUTLOOK

In respect of the business prospects of our Group in particular in the comprehensive smart city solutions industry and the property services industry, our Directors are of the view that the business of our Group will continue to grow.

As advised by Frost & Sullivan, the market size of the comprehensive smart city solution industry by revenue in China has grown significantly due to technological advancements, diversification of scenarios, and policy support. The market size of the industry was RMB63.6 billion in 2023 and is expected to continue to grow to reach RMB113.1 billion in 2028. The Chinese government's active focus on the informatisation, intellectualisation, and intelligentisation of comprehensive smart city solutions to modernise the national governance system and improve governance capabilities in livelihood services, industrial economy, urban governance, and ecological livability is one of the main drivers of the industy. The Chinese government had also promulgated policies that seek to advance the intensive construction of smart community platforms, expand governance scenarios, and create a new digital community landscape and emphasise the application of big data in communities, streamlining data entry, and strengthening the infrastructure of smart communities. These targeted policies incentivise the development and implementation of comprehensive smart city solutions in China, supporting the nation's modernisation goals. As to technological advancement, the diffusion of AI, big data, cloud computing, IoT, GIS, and other

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related technologies has also driven innovation in smart cities' application methods and models, as well as innovative product simulation experiments and will become one of the key drivers in the comprehensive smart city solution industry.

In terms of the property services industry, Shandong Province, a coastal region in Eastern China, plays a significant role in the Bohai Economic Rim. With a nominal GDP of over RMB9.2 trillion in 2023 and a population exceeding 100 million, Shandong has seen its property service market by revenue grow from RMB38.6 billion in 2019 to RMB63.0 billion in 2023 at a CAGR of 13.0%. This market is forecasted to reach RMB97.6 billion in 2028, driven by an expanding range of services catering to residential, commercial, and industrial needs. Smart city construction fosters a dynamic environment where property services thrive through enhanced infrastructure, integrated systems, and advanced technologies. These integrated means improve the efficiency and effectiveness of service offerings, and elevate the overall living experience, rendering smart cities attractiveness in turn. Advanced technologies, including big data, AI, IoT, and digital platforms, enhance resource efficiency and improve decision-making for property service providers, ultimately increasing user satisfaction. As intelligent technologies continue to advance, these sharpened services are poised for broader development prospects.

The IS integration solution market in Qingdao has experienced steady development in recent years, driven by the acceleration of digital transformation and technological innovation. As a major economic hub in Shandong Province, Qingdao has witnessed an increasing demand for information technology from both enterprises and government agencies, further fueling the development of the IS integration solution market. Key application areas include smart cities construction, intelligent manufacturing, finance, energy, and transportation. In the future, the demand for the IS integration solutions in Qingdao is expected to rise significantly, driven by the increasing adoption of technologies such as industrial IoT, AI, big data, and cloud computing. These technologies will introduce more complexity and higher technical demands in systems integration. Moreover, the expansion of 5G networks will broaden IoT application scenarios in Qingdao, further fueling the need for related IS integration services. Additionally, local government initiatives supporting smart city development, as well as policies focusing on environmental protection, energy efficiency, and emissions reduction, will open up new growth opportunities for the market. Finally, with growing concerns over network security, information security integration services will become a critical area of focus.

The property management services market in Qingdao has also seen rapid development in recent years, driven by the acceleration of urbanisation and the increasing living standards of residents. As a key economic hub in Shandong Province, Qingdao has an active real estate market with demand for property services growing across commercial, residential, and industrial sectors. In response to this demand, property management service providers in Qingdao are expanding beyond traditional services such as property management, security, and cleaning, to offer more diversified, smart, and value-added services such as intelligent property management and community living service. The property management services market in Qingdao is experiencing several significant development trends. First, smart management is rapidly advancing with the integration of technologies such as AI and IoT. These systems enable real-time data collection through sensors and cameras, enhancing property management efficiency with remote meter reading, security alerts, and automated access control. Second, there is a shift towards diversified community living services, where property management companies are expanding beyond traditional maintenance to include services such as appliance repairs, healthcare checkups, and educational training. Third, green and sustainable management is gaining importance, with property management companies focusing on energy-saving technologies, waste sorting, and the development of eco-friendly landscapes to promote a healthier living environment and contribute to urban ecological development. Fourth,

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smart community development is emerging, combining modern information technology with community management to create platforms that enable seamless communication between residents, property managers, and local governments. Fifth, the industry is moving towards higher standardisation and regulation, with new guidelines and quality standards to improve service quality. Sixth, small property management firms are expanding through mergers and acquisitions, while larger companies are diversifying and enhancing their market presence through outsourcing and strategic partnerships. Finally, property management companies are actively investing in training and professional development to ensure a skilled workforce. All these trends reflect a move towards smarter, more sustainable, and customer-centric property management services in Qingdao.

For further details as to the market drivers of the comprehensive smart city solutions industry and the property services industry, please refer to the sections headed "Industry Overview — Overview of Comprehensive Smart City Solution Market in China — Market Drivers and Trends of Comprehensive Smart City Solutions Industry in China"and "Industry Overview — Overview of Property Services Industry in China — Market Drivers and Trends of Property Service Industry in China" in this document.

Recently, speculations have been raised as to the debt position and repayment risks on real estate developers and local government. Our Directors are of the view that, the debt position of local government and real estate developers will not have a material adverse impact on our Group's operation and financial performance. For each of FY2021, FY2022, FY2023 and FY2024, revenue generated by our Group for the provision of services to property developers and government represented 29.9%, 43.6%, 19.4% and 16.0% of our total revenue for the respective years. Furthermore, as at 31 December 2024, our trade and bills receivables amounted to RMB642.4 million, out of which RMB59.8 million and RMB87.3 million belonged to our real estate developers and local government customers respectively, representing 9.3% and 13.6% of our trade and bills receivables. The trade receivables which had been due for over two years from real estate developers and local government as at 31 December 2024 amounted to only 4.5% of our total trade receivables. We have also not experienced any impairment loss from our real estate developers and local government customers during the Track Record Period and up to the Latest Practicable Date. As at the Latest Practicable Date, RMB105.6 million of the RMB432.8 million in trade and bills receivables due from local governments, real estate developers and state-owned enterprises as at 31 December 2024 had been settled, which represented 24.4%.

In addition, we have adopted various measures to improve our settlement status and enhance our cash flow management, including but not limited to (i) enhancing collection efforts and resorting to legal actions if necessary; (ii) enhancing the background check of new customers in terms of their financial conditions and creditworthiness; and (iii) prioritising the cooperation with large-scale enterprises with robust financial conditions and healthy cash flows.

To ensure the stable performance of local public finances, the PRC central government has stepped up efforts to allocate budgeted transfer payments to local governments, providing them with enough time to distribute and use the funds. As announced by the MOF, the bonds issued in 2024 for the replacement of RMB2 trillion of local government debt recorded an average reduction in interest rates by over 2.5 percentage points, and it is estimated that these bonds will reduce interest payments by over RMB200 billion over five years, significantly easing the funding pressures and interest costs for local governments. Backed by a series of supportive stimulus policies such as cutting mortgage rates, easing purchase restrictions and allowing local governments to buy unsold housing units and

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idle land with special bond proceeds, China's real estate market also continued to recover in early 2025, showing signs of stabilisation. For example, new home prices in China's top-tier cities rose 0.36% in January 2025 from a month earlier. Such policy tailwinds help alleviate the pressure on local governments and real estate developers, which can in turn improve the outlook of our business with the state-owned enterprises associated with them.

Further, we have been adjusting our business strategy to shift focus to high profile state-owned enterprises under the PRC central government, which have robust business and financial performance. For example, China Mobile Communications Group Shandong Co., Ltd. (中國移動通信集團山東有限公司) and its associates became our second largest customer for FY2023, contributing RMB143.8 million to our revenue, which represented 12.9% of our total revenue for the same year; and China United Network Communications Group Co., Ltd. (中國聯合網絡通信集團有限公司) and its associates became our largest customer for FY2024, contributing RMB157.2 million to our revenue, which represented 14.1% of our total revenue for the same year.

Furthermore, although the majority of the property management service providers are subject to the negative impact of the real estate sector, those with a focus on residential properties are influenced to a relatively greater extent. Also, we have diversified our property management services and focus on non-residential projects such as those related to universities and other public institutions with robust financial conditions. For each of FY2021, FY2022, FY2023 and FY2024, our revenue generated from non-residential projects represented 51.5%, 52.2%, 54.8% and 56.3% of our revenue from property management services for the respective years, presenting a steady growth trend and our Group's determination to diversify our property management profile. In addition, although the willingness and ability for property developers and government bodies to initiate and tender for new smart city and property management projects in Qingdao, Shandong Province are moderately affected by the current state of the real estate sector and government debt position, we believe such impact is limited and we still anticipate sustainable demand for our smart city and property management services from such customers in the immediate near future up to 2027.

For our IS integration solution services, the property developers are expected to sustain demand as they can enhance their projects' attractiveness to potential buyers by introducing IS integration solutions, and government bodies will also require such services to improve the quality and efficiency of their public services and management. For our property management services, property developers will require high quality services to enhance their projects' reputation and attractiveness, and government bodies will also need high quality services to satisfy the public need and improve the city reputation.

On the basis of the above, our Directors are of the view, and the Joint Sponsors concur, that the current state of the real estate sector and high government debt position have not had and will not have a material adverse impact on our Group's operation and financial performance.

Our Strategy to Improve Profitability

We have more than 20 years of operating history in the construction of smart city industry and property services industry in the PRC. According to Frost & Sullivan, in 2023, our Group was the second-largest Shandong-based livelihood service provider in China's comprehensive smart city solution industry and fifth in terms of GFA under management as Shandong Province based property service provider. Our revenue has generally been growing throughout the Track Record Period, from RMB647.4 million in FY2021 to RMB979.7 million in FY2022 and further increased to RMB1,115.5 million in FY2023 and RMB1,113.8 million in FY2024.

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Our overall gross profit was RMB141.4 million, RMB210.1 million, RMB211.1 million and RMB222.0 million with overall gross profit margin of 21.8%, 21.4%, 18.9% and 19.9%, for FY2021, FY2022, FY2023 and FY2024, respectively. Our gross profit margins remained relatively stable for FY2021 and FY2022, and decreased from 21.4% for FY2022 to 18.9% for FY2023 primarily due to the change in product mix of the IS integration solution services segment where we generated additional revenue from parks services which generally have a lower gross profit margin. Our gross profit margin has improved from 18.9% for FY2023 to 19.9% for FY2024 primarily due to the improved gross profit margin of the IS integration solution services segment resulting from (i) the increase in the gross profit margin of governance services, mainly attributable to the change in product mix where we have acquired more governance services projects with higher gross profit margins during FY2024, such as (a) Smart Police Monitoring System Construction Project (Phase II) with a gross profit margin of 30.2%, and (b) Juancheng County Smart Transportation Project, whose high gross profit margin of 33.4% was primarily attributable to the high contribution of our self-developed software business entailing a higher gross profit margin; and (ii) the increase in the gross profit margin of community services, as we recorded a relatively lower gross profit margin of our PPP project in FY2023 as it was closer to the end of the construction phase.

While we have achieved growth in gross profit during the Track Record Period, there was a fluctuation in our profit and net profit margin. Our profit increased from RMB53.2 million in FY2021 to RMB81.8 million in FY2022, but we experienced a drop in profit to RMB65.6 million in FY2023 and RMB62.7 million in FY2024. Our net profit margin, on the other hand, remained relatively stable in FY2021 and FY2022, at 8.2% and 8.3%, respectively. However, our net profit margin recorded in FY2023 and FY2024 was 5.9% and 5.6%, respectively. The decrease in net profit margin was primarily a result of increase in expected credit loss on trade receivables and finance costs.

We plan to improve our profitability through a variety of ways, including but not limited to (i) improving our service and product mix by enhancing the research and development of service and product offerings with higher profit margins such as property value-added services and self-service kiosks; for example, we supplied self-service kiosks for a local government, which entailed a relatively higher gross profit margin; (ii) streamlining the supply chain management to eliminate redundant steps for cost reduction, such as prioritising direct procurement from manufacturers instead of distributors; (iii) optimising human resource management to reduce labour costs, such as avoiding redundant headcounts by more accurately predicting labour demand; and (iv) securing more contracts and projects, particularly those with high profit margins, through (a) continuously improving our service and product offerings by innovative and advanced technologies such as AI and big data to attract more customers, especially those with potential opportunities of more profitable contracts; (b) leading and participating in setting more industry standards, and engaging in more high profile industry conferences and activities to expand on our market exposure; and (c) enhancing our customer services to ensure timely response to customer needs to maintain a sustainable relationship with customers.

Expand our customer base and market share in various regions

The number of customers are crucial to our business growth, Our number of customers increased from over 1,200 in FY2021 to over 3,000 in FY2024. Our growth in number of customers is expected to drive our revenue growth.

During the Track Record Period, the majority of our revenue was generated from Qingdao City. Revenue generated from Qingdao City amounted to 88.4%, 83.9%, 71.0% and 67.5% of our total revenue, for each of FY2021, FY2022, FY2023 and FY2024, respectively. Our reliance on

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revenue contribution from Qingdao City has been on a decreasing trend given our management team's effort in expanding our geographical coverage for our various services. In particular, we have expanded our coverage of IS integration solution services to other cities in Shandong Provinces, including Zibo, Heze, Qingzhou and Jinan, and other provinces such as Zhejiang and Guangdong. Our property services team had also expanded our service coverage to include properties in the Southern China region, such as Hainan, Dongguan and Shenzhen to its property management portfolio.

We intend to expand our customer base and market share in regions other than Qingdao City by deepening cooperation with strategic business partners and also by increasing our promotion efforts.

Further improve our operational efficiency through optimising our major costs components

We intend to improve our operational efficiency through optimising our major costs components, primarily including our cost of sales, in particular, our material costs and finance costs. Through the deployment of upstream core materials, we intend to conduct strategic cooperation and joint development with suppliers to optimise the suppliers and subcontractors' resource pool and reduce the cost of material, and enter into strategic agreements and long-term orders for materials with substantial market price fluctuations to obtain advantageous prices. In addition, to better control our finance costs, we intend to repay part of our loan from the [REDACTED] of the [REDACTED], details of which are set out in the section headed "Future Plans and Use of [REDACTED]". We also expect to receive more favourable terms of debt financing given the [REDACTED] status of the Company upon the [REDACTED].

SEASONALITY

Our results of operations are exposed to seasonal fluctuations. We typically record a higher revenue during the fourth quarter of each year, because the majority of our IS integration solution services projects are normally completed and accepted in the last quarter, which is not uncommon in this industry according to Frost & Sullivan. We believe this pattern is likely to continue in the foreseeable future.

COMPETITION

The comprehensive smart city solution industry in China is relatively fragmented and competitive, with approximately 400–500 participants in total, including 250–300 private participants. The market size of comprehensive smart city solutions by revenue reached approximately RMB63.6 billion in China in 2023. We believe the key competitive factors in the comprehensive smart city solution industry in China include regulatory compliance and support, technology innovation and integration, capital capability and resource utilisation, localisation strategy, collaboration network and customer support and service.

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In respect of the property services industry, in 2023, the number of property service enterprises in China has reached over 200,000, with a GFA under management of approximately 39.1 billion sq.m.. The property service industry in China is highly fragmented and competitive. In 2023, our Group was listed the 108th in the property service industry in China with a GFA under management of 28,257,000 sq.m. The number of property service enterprises in Shandong province has reached over 10,000. The property service industry in Shandong province is highly fragmented and competitive. In 2023, our Group was listed the 5th in the property service industry in Shandong province in terms of GFA under management.

Please refer to the section headed "Industry Overview" in this document for further information on the competitive landscape of the comprehensive smart city solution industry in the PRC.

RESEARCH AND DEVELOPMENT

The success of our business is dependent on our strong technological capabilities that support us in delivering superior services, increasing operational efficiency and enabling innovations. During FY2021, FY2022, FY2023 and FY2024, we engaged in an aggregate of 47 R&D projects, our research and development expenses amounted to RMB11.5 million, RMB18.4 million, RMB19.0 million and RMB21.5 million, respectively, representing 21.5%, 22.5%, 29.0% and 34.3% of our profit, respectively for the corresponding years. As at 31 December 2024, we had a team of 84 research and development professionals with expertise spanning a wide range of areas, such as java backend development, front-end development, AI computing, UI engineering and intelligent hardware, over approximately 72% of whom have bachelors' degrees or above.

Since our establishment, we launched various software and hardware products with our in-house R&D capacity and monetized by applying such technology and products to our existing business operations. The development of our own software may be based on our suppliers' underlying algorithm, because the development of such software's application may need to take advantage of such algorithm, which has powerful analysis capabilities and may help analyse data to provide high-quality analysis results to our software for further processing. The following are certain of our key R&D projects during the Track Record Period:

	R&D Project	R&D timeframe	Scope and functions	Applicable business segments	Achievement
1.	Community Digital Base System (社區數字底座系統)	November 2021 to January 2023	The system provides the basic technology platforms required to build modern digital communities, including big data, AI, IoT, spatiotemporal maps, as well as three middle platforms: the data middle platform, the intelligent middle platform, and the data middle platform to support modern digital community services. This provides a new generation of digital infrastructure with integrated delivery for the three major business categories of digital economy, digital culture, and digital ecology.	Communities services	The system obtained one software copyright and two invention patents.

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	R&D Project	R&D timeframe	Scope and functions	Applicable business segments	Achievement
2.	Smart City Digital Brain Platform Phase II (智慧城市數字大腦平台二期)	March 2024 to now	We provide a smart city digital brain system for the departments responsible for smart city construction at the city, district and street levels, and use the IoT, big data and AI to display the community collaborative governance in a digital way. It consists of major core modules such as basic data, command and dispatch, grid management, public complaints, smart communities, early warning analysis, global static, monitoring and evaluation. The display and arrangement of system function modules can be customised to effectively display the results of smart city construction; the multi-level system architecture can meet the diversified usage needs of users with different roles and permissions; improve the data usage value of customers' smart city construction; and effectively solve the problems of urban data integration and information sharing.	Communities services, governance services	The system obtained three software copyrights.
3.	City Guide Phase III (城市攻略三期)	March 2023 to February 2024	The City Guide platform is a comprehensive smart community operation and service platform. It takes the sense of happiness of community residents as its starting point, builds digital service capabilities for smart communities, enables digital property management, and increases digital means of community governance, providing community residents with a safe, comfortable, and convenient smart living environment.	Communities services, property value-added services, new retail services	The City Guide R&D project has gone through three phases and obtained 11 software copyrights.
4.	Administrative Approval and Government Affairs Direct Management Cloud Platform Phase II (行政審批政務直辦雲平台二期)	March 2023 to February 2024	The system moves the offline service hall to cloud. Government units can remotely handle cases by staying in the virtual "cloud hall" through remote control of terminal equipment and video calls. It opens up a "cloud meeting" service channel between government agents and citizens. Citizens can use the platform's government affairs direct service room, and enjoy a variety of services such as "self-service, assistance, agency, co-service, and transfer".	Governance services	The system obtained 10 software copyright and one invention patents.

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	R&D Project	R&D timeframe	Scope and functions	Applicable business segments	Achievement
5.	Smart Property Management Operation Platform (智慧物業管理運營平台)	March 2023 to now	As an enterprise resource planning (ERP) platform for daily business of property service enterprises, the system is mainly composed of budget management, financial charges, engineering management, customer service management, warehouse management, quality management and other sections, covering people, finance, materials, affairs, customers and transportation.	Communities services, property management services, property value-added services	The system obtained four software copyrights.
6.	Smart IoT AIOT system (智慧物聯 AIOT系統)	November 2021 to January 2023	As a terminal for data acquisition in the IoT, the IoT device management system will establish a unified access platform for IoT perception terminals, create a standardised device model, form unified intelligent connection events, and implement standardised operation and maintenance protocols. This will break the closed management of IoT devices, enabling coordinated use and achieving unified access, management, and application of the IoT perception neural system.	Communities services, governance services, parks services, other IS integration solution services	The system obtained one software copyright.
7.	Data Gateway (數據網關)	June 2022 to May 2023	The integrated hardware and software system can connect to third-party software systems and device data. It features open data interfaces and secondary open interfaces for direct integration with higher-level applications. It employs millisecond-level data storage precision, with a read and write speed of 300,000 records per second. Additionally, it supports database redundancy hot backup to automatically ensure data integrity.	Communities services, governance services, parks services, other IS integration solution services	The system obtained two software copyrights.

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	R&D Project	R&D timeframe	Scope and functions	Applicable business segments	Achievement
8.	Smart Community Video Structured Analysis Technology Based on Parallel Federated Intelligence (基於平行聯邦智能的智慧社區視頻結構化分析技術)	May 2022 to May 2023	We deploy federated learning training nodes to collect and annotate video data from cameras, enabling data fusion while preserving privacy. This method alleviates the central node's training pressure and supports applications like pedestrian characterization, facial recognition, vehicle identification, and license plate recognition. Responding to smart city needs, we utilize tracking and re-identification technologies for functionalities such as facial clustering and trajectory queries, while addressing community issues with alerts for illegal parking and other behaviors. Our intelligent control systems, based on facial recognition, facilitate large-scale comparisons and rapid queries, offering flexible interfaces and scalable services.	Communities services, governance services, parks services, other IS integration solution services	The system obtained two invention patents.
9.	Intelligent Operation and Maintenance Platform Phase II (智能運維平台二期)	May 2022 to May 2023	The intelligent operation and maintenance (O&M) system is tailored to meet actual O&M business needs, covering all aspects including the front end, network, servers, and applications. It enables real-time monitoring of global operations, providing smart alerts, anomaly detection, root cause analysis, intelligent forecasting, and rapid responses to changes in business processes and developments, thus offering comprehensive O&M management support.	Communities services, governance services, parks services, other IS integration solution services	The system obtained two software copyrights.
10.	Unmanned Driving Series Products (無人駕駛系列產品)	November 2023 to now	The unmanned driving system and its universal platform are comprehensive solutions that integrate environmental perception, planning, decision-making, and control. Utilizing technologies like AI, modern sensing, and information fusion, they innovate traditional labor-intensive methods. The aim is to incorporate intelligent sensors, high-precision map creation, global path planning, and obstacle detection into unmanned robots, enabling high-precision mapping and optimization in various environments such as communities, parks, and campuses, while allowing for autonomous positioning, path planning, and intelligent control.	Communities services, property value-added services	The system obtained three software copyrights.

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Our prioritization on research and development and continuous investments in technologies have helped us accumulate technologies suitable for various business scenarios, driving the development of new software based on forward-looking market insights.

Core Technology

We have been focused on federated learning, which has been commonly used for AI model training industry-wide, by utilizing the abundant community resources in compliance with our privacy policies. We have developed visual algorithms based on federated learning and big data technology applications supported by a large scale of data, which form our core strength in AI + big data. The training of our AI model is led by three core R&D staff, which is not labour intensive.

Technology Framework

We have applied federated learning visual algorithms and big data analysis in our community services, which in turn enables us to accumulate extensive industry and project experience to enhance our AI and big data capabilities, and stand out in the community service market. We are committed to exploring the community applications of the latest AI technologies. We are able to save labor and material resources by replacing manual work with AI to cope with the tremendous demand for security monitoring. In addition, by analysing a large amount of dynamic community data, we are able to identify regularity and patterns and profile individual characteristics, thereby carrying out targeted preventive and control measures to ensure a safe living environment for community residents. Considering the complexity of community scenarios, we focus on the optimization of AI models for specific scenarios. We are continuously improving our AI algorithms leveraging federated learning and big data to achieve faster speed and higher accuracy.

The framework of our federated learning technology is designed to train our AI model without violation of our privacy policies. Such framework facilitates the development and deployment of AI-driven solutions by ensuring a coherent process from access to and processing of core data types to model training and application.

1.   *Data access*

Our community visual algorithms are based on data typically saved in multiple cameras or sensors deployed at different locations. Such data are mainly related to human faces, bodies and vehicles. Such cameras or sensors generally serve as data nodes for local storage. In the model training, the federated learning accesses but does not collect or transfer such data, because in federated learning, the model is trained locally on each device and the relevant updates excluding original data are then aggregated and shared with a central server.

2.   *Data processing*

The locally saved data is pre-processed and analysed with big data technology to extract useful features and patterns. Such process involves steps such as data cleaning (removing noise and outliers), data conversion (normalization and standardization), feature selection (extracting key features such as edges and corners) and feature dimension reduction (reducing data dimension), and data augmentation (increasing data diversity). Through big data analysis, the distribution, correlation and trend of data can be deeply explored, providing strong support for subsequent model training.

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3. Model initialization

The central server initializes a global model and sends the model parameters to each individual device. After receiving the model parameters, each device will train the model with local data.

4. Local training

Each individual device uses local data for model training and computation gradient updates. The training process typically includes multiple rounds of training, with each round consisting of training with multiple batches of data.

5. Model updates

After the local training is completed, the devices will send the updated model parameters (instead of the original data) back to the central server, which will aggregate the model parameters from all devices to generate a new global model.

6. Iteration training

After the new global model is generated, the central server will send the updated global model parameters back to each individual device, which will continue to use local data for training. This process is repeated until the model converges or reaches a predetermined number of training rounds.

7. Model evaluation

The final global model is evaluated on the central server, whereby model performance is tested with independent validation datasets. If the model performs as expected, the training process will come to an end; otherwise necessary adjustments will be made to the model or training parameters for re-training purposes.

8. Deployment and application

Models that have completed training will be deployed to each device or the central server for practical applications such as facial recognition and license plate recognition.

Technology Application

Leveraging our strong AI capabilities, we have currently deployed a variety of applications in our community services, including but not limited to:

1. Target detection: enabling effective detection of common objects on the surveillance screen.

2. Attribute recognition: identifying multiple attributes such as the style and color of clothing, objects being carried, facial features, and the color and type of vehicles.

3. Facial recognition: recognising faces and supporting facial recognition for partially obscured faces.

4. Vehicle recognition: identifying vehicle attributes such as license plates and vehicle types under multiple-angle, different lighting and other conditions.

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5. Target tracking: real-time tracking algorithms for dynamic targets such as people and vehicles.

The above applications are able to address the community's daily needs and provide means for public security protection. Meanwhile, we pay extra attention to data security. Throughout the federated learning process, the data privacy is protected by big data technology with various technical means such as encrypted communication. This will safeguard original data from leakage or abuses during data transmission and training.

QUALITY CONTROL

We regard service quality as the cornerstone of our operation and development, and we believe that quality control is critical to the sustainable growth of our business. We have established a comprehensive quality control system and a dedicated quality control team, who primarily focuses on, among other things, compliance with standardised service procedures, participating in supplier selection, and monitoring the service quality of our employees and suppliers.

Quality control on our IS Integration Solution Services

We primarily control service quality through ensuring a timely and responsive approach to customer feedback, suggestions, and complaints. For any customer feedback or suggestions, we shall respond within 24 hours, demonstrating the importance placed on customer input and the commitment to addressing their concerns promptly. In the case of customer complaints, we have established an efficient resolution mechanism where our customers can lodge complaints through a dedicated hotline. This rapid response helps alleviate customer dissatisfaction, prevent issues from escalating, and enhance overall customer satisfaction and loyalty. On the software platform front, we have put in place bug reports and feedback mechanism on programme optimisation or new features. Our team will quickly investigate the cause and immediately assign personnel to fix the issue, providing regular updates to our customer. For improvement suggestions, our team evaluate the changes required and the associated costs, obtaining necessary approvals before proceeding with the programme design and development.

Quality control on Property Services

Our quality management and quality control systems cover the front-line property services, with specified and detailed standards and procedures for our property business line. With respect to our quality management system, we successfully obtained ISO9001:2015 certification, ISO14001 environmental quality management system certification and ISO45001:2018 occupational health and safety management system certification in 2021.

Given the nature of our operations, we periodically receive customer feedback, including suggestions, evaluations, and complaints. We document, analyse, and assess this feedback by logging it in our internal systems, and we monitor the progress of resolving the associated customer issues and concerns. During the Track Record Period and up to the Latest Practicable Date, we did not receive any complaints that may have a material adverse impact on our operations or business reputation from our customers.

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Quality control on Community Living Services

We have established a rigorous quality control system, including strict inventory management procedures and product handling regulations. To address customer feedback, suggestions, and complaints, we encourage customers to contact our customer service hotline or reach out to customer service representatives directly. All such inputs would be documented and responded to within 24 hours. For any disputed products, we offer returns and exchanges policy. Our customer service personnel regularly record all complaints, review the handling process, and monitor the progress to ensure that all issues are addressed and resolved in a timely manner. This comprehensive approach helps maintain the quality of our services and foster stronger customer trust and satisfaction.

Quality control on Our Suppliers and Subcontractors

For quality control over outsourced services, we typically incorporate detailed quality standards into our contracts with subcontractors. We regularly monitor and assess the performance of these subcontractors, requiring corrective actions when their services fall short of the agreed standards. Our evaluations are based on our own on-site inspections as well as the subcontractors' self-assessments. Depending on the outcomes of our evaluations, we may have the contractual right to adjust subcontracting fees or terminate the contracts. Subcontractors who consistently or significantly fail to meet our standards or our customers' expectations, or who do not pass our performance reviews, will be removed from our list of approved vendors.

EMPLOYEES

We endeavour to hire the best available employees in the market by offering competitive wages and benefits, systematic training opportunities and internal upward mobility. We have established a series of policies and measures to acquire talent suitable for our business development.

As at 31 December 2024, we had a total of 1,601 full-time employees and nil part-time employees and all of them are located in the PRC. The following table sets out the breakdown of our employees by function as at 31 December 2024:

	Number of Employees
Senior management	30
Research and development	84
Engineering and quality control	213
On-site services *(Note)*	1,066
Value-added management	8
Human resources, administration, finance, operation, risks management	170
Marketing	22
Others	8
Total	**1,601**

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Note: Our on-site services employees perform job duties that are directly related to the provision of services under each of our business segments. The onsite services employees of our IS integration solution services include project managers and staff who are responsible for communications and coordination, project planning, execution etc. of our IS integration solution projects. The onsite services employees of our property services include operation staff, property managers, customer services, safety specialists, facility maintenance technician, janitorial staff, quality controller, finance staff and clerical staff etc. The onsite services employees of our community living services include operation, procurement, sorting, inventory management and other general staff.

We recruit talent through various channels and offer our employees continuous training and career development opportunities. We establish individual employment contracts with our full-time staff. Employees receive a fixed salary and may be eligible for additional allowances based on their roles. Additionally, discretionary bonuses may be awarded based on annual performance reviews and other contributions to our business development, serving as incentives for our employees.

We routinely organise extensive internal training programmes for our staff to enhance their technical and service skills, as well as to familiarise them with industry quality standards and workplace safety protocols. For new recruits, we offer orientation training that introduces them to our corporate culture, guides them on our teamwork approach, and instructs them on our service standards and procedures.

Social Insurance and Housing Provident Fund Contribution

Pursuant to applicable PRC laws and regulations, employers are required to make contributions to, and employees are required to participate in, a number of social insurance funds, including pension fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance, and the housing provident fund. For details, see "Regulatory Overview — Laws and Regulations Relating to Labour Protection and Social Insurance".

In FY2021, FY2022, FY2023 and FY2024, we did not make full contributions to the social insurance and housing provident funds for certain employees and did not make any social insurance or housing provident fund for certain employees, mainly because some of our employees requested us not to pay or fully pay such social insurance or housing provident funds for them.

As advised by our PRC Legal Advisers, the relevant PRC authorities may demand that we pay the outstanding social insurance contributions within a stipulated deadline and we may be liable to a late payment fee equal to 0.05% of the outstanding amount for each day of delay; if we fail to make such payments, we may be liable to a fine of one to three times the amount of the outstanding contributions. Our PRC Legal Advisers have also advised us that, under the relevant PRC laws and regulations, we may be ordered to pay the outstanding housing provident fund contributions within a prescribed time period, and if we fail to make such payments, application may be made to a people's court in the PRC for compulsory enforcement. Based on the unpaid amount of our social insurance contribution of RMB8.1 million, RMB7.0 million, RMB8.1 million and RMB9.3 million for each of FY2021, FY2022, FY2023 and FY2024, respectively, the potential maximum fine which may be imposed on us if we fail to make required payment within the prescribed period as required by the government equals to three times of the outstanding amount of our social insurance contribution. We may be ordered to make full payment on the unpaid amount within the time period stipulated by relevant authorities.

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During the Track Record Period and up to the Latest Practicable Date, (i) we had not received any notification from relevant government authorities requiring us to pay shortfalls or the penalties with respect to social insurance or housing provident funds due to employees reports or complaints; (ii) we had not been subject to any administrative penalties regarding social insurance or housing provident funds due to employee reports or complaints, nor are we aware of any major employee complaints or significant disputes with respect to social insurance or housing provident funds; (iii) a majority of our PRC subsidiaries have obtained written confirmations from competent local government authorities which confirmed that no penalties had been imposed on us with respect to social insurance or housing provident funds during the Track Record Period; (iv) upon consultation with the competent local authorities, if there is no employee reports of complaints they have confirmed that they will not request for the underpayment portion of the social insurance or housing provident funds in respect of the subsidiaries of our Group which they have authority on; (v) we will make full contributions or pay any shortfall within a prescribed time period if demanded by the relevant government authorities; and (vi) our Controlling Shareholders will fully indemnify us for any loss as a result of failure to pay such social insurance or housing provident fund. We have implemented relevant internal controls to ensure that we make full contributions in relation to the social insurance and housing provident funds, including reviewing the calculation result of social insurance and housing provident funds for all eligible employees and actively communicate with local human resources, social security bureau and housing fund management centre on a regular basis, to ensure we acquire the most updated information about the relevant laws and regulations.

Furthermore, as advised by our PRC Legal Advisors, based on the consultation with the local social insurance and housing provident fund authorities, if there is no employee reports or complaints filed against certain members of our Group, the likelihood that certain members of our Group are subject to centralised collection of historical arrears and any material penalties due to the failure to provide or fully provide social insurance and housing provident funds contributions for our employees is relatively low according to the currently applicable regulatory policies. Our Directors are of the view that the risk of employee reports or complaints that would be filed to the relevant social insurance and housing provident fund authorities and subsequent succeeding in establishing a valid claim are relatively low, as the reason for not having to make full contributions to the relevant funds was based on the request of the relevant employees at the first place.

Given the above, no provisions have been made in respect of the abovementioned underpayment of social insurance and housing provident fund.

We have started arranging the payment of social insurance and housing provident funds contributions for our employees of our PRC subsidiaries that had not received positive confirmations from the competent local government authorities in accordance to local practice and policies since October 2024.

Taking into account the above and the view of the PRC Legal Advisors, our Directors are of the view that our failure to register for and/or make full contributions to the social insurance and housing provident funds for our employees would not have a material adverse effect on our business operations and financial condition. For further details, see "Risk Factors — Risks relating to Our Business and Industry — Failure to pay the social insurance premium and housing provident funds for and on behalf of our employees in accordance with the relevant PRC laws and regulations may have an adverse impact on our financial conditions and results of operation".

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Remedial Measures

We have implemented the following internal control measures to monitor the internal work flow and compliance procedures for contributions to social insurance and housing provident funds:

● regularly communicating with relevant government agencies to ensure that our calculation and payment methods are in compliance with relevant laws and regulations;

● our legal personnel at our risk management team will alert our management team the risks of any potential non-compliance with relevant laws and regulations; and

● keeping regular records of our contribution amounts for review by our management.

INSURANCE

We maintain certain insurance coverage, primarily public liability insurance to cover liabilities for damages suffered by third parties arising out of our properties. We require our sub-contractors to purchase accident insurance for their employees who provide services to our Group, and in accordance with our contracts with sub-contractors, the sub-contractors are responsible for all workplace injuries to their employees, except for the injuries directly attributable to us. In respect of our catering services, we maintain food safety liability insurance to cover liabilities arising out of the catering services we provided. Having considered the costs, the needs of our operations and the current risk profile of our businesses, we have not maintained product liability insurance or other liability insurance. We believe our insurance coverage is in line with industry practice for companies providing the same or similar services in the PRC. However, our insurance coverage may not adequately protect us against certain operating risks and other hazards, which may result in adverse effects on our operation and financial performance. For more details, see "Risk Factors — Risks relating to Our Business and Industry — Our insurance may not sufficiently cover, or may not cover at all, losses and liabilities we may encounter.".

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CERTIFICATES, LICENCES AND PERMITS

We are required to obtain and maintain various certificates, licences and permits in relation to our operations. During the Track Record Period and as at the Latest Practicable Date, we had obtained all material certificates, licences, and permits from the government authorities that are material for our business operations in the PRC. The following table sets forth material licences and permits required for our operation in the PRC as at the Latest Practicable Date. Our Company is of the view that there are no material legal impediment in renewing the certificates, licences and permits that will be expiring.

Type of licence or permit	Holder	Qualification category, grade or scope	Effective year/date	Expiry year/date
Value-added Telecommunication Business Operation Licence (增值電信業務經營許可證) (Note 1)	Our Company	Internet data centre business (limited to Beijing, Shijiazhuang, Baoding, Shanghai, Hangzhou, Jinan, Qingdao, Zibo, Zaozhuang, Dongying, Yantai, Weifang, Jining, Tai'an, Weihai, Rizhao, Laiwu, Linyi, Dezhou, Liaocheng, Binzhou, Heze, Guangzhou, Shenzhen, Haikou, Sanya and Yinchuan), content distribution network business (limited to Hebei and Shandong), domestic Internet virtual private network business (applicable nationwide), Internet access service business (Internet access service for Internet users only) (limited to Hebei, Jiangsu, Zhejiang, Shandong and Henan)	22 September 2021	24 April 2025 (note 2)
	Our Company	Information service business (excluding internet information service) (limited to Shandong)	6 February 2023	6 February 2028
	Qingdao Dachangtong Network Technology Co., Ltd.* (青島大暢通網絡科技有限公司)	Internet access services business	25 October 2022	25 October 2027
Construction Enterprise Qualification Certificate (建築業企業資質證書)	Our Company	Class I Construction Contractor of Electronics and Intelligent Engineering Works	14 July 2021	11 June 2026
Work Safety Licence of Construction Enterprises (建築施工企業安全生產許可證)	Our Company	Construction	21 October 2022	14 November 2025 (note 2)
Security and Guarding Service Licence (保安服務許可證) (Business can only be conducted in the place of registration)	Qingdao Zebang Security Service Co., Ltd.* (青島澤邦保安服務有限公司)	Gate-guarding, patrol, guarding, security inspection, regional discipline maintenance	27 February 2019	—

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Type of licence or permit	Holder	Qualification category, grade or scope	Effective year/date	Expiry year/date
Special Equipment Production Licence of the PRC (中華人民共和國特種設備生產許可證)	New Era Property	Licensed item: elevator installation (repair), licensed sub-items: freight elevator (including the freight elevator in explosion-proof elevators), traction drive passenger elevator (including fireman's elevators)	17 February 2022	16 February 2026
Human Resource Service Permit (人力資源服務許可證) (Business can only be conducted in the place of registration)	New Era Property	Introducing employers to workers, introducing workers to employers, providing vocational introduction information services to employers and individuals, organising and conducting on-site job fairs and high-level talents headhunting services	29 November 2022	28 November 2027
	Qingdao Ruikehui Commercial Management Co., Ltd.* (青島瑞客匯商業管理有限公司)		11 October 2022	10 October 2027
Business Permit for Labour Dispatch (勞務派遣經營許可證) (Business can only be conducted in the place of registration)	New Era Property	Domestic labour dispatch	22 January 2025	21 January 2028
	Qingdao Zebang Security Service Co., Ltd.* (青島澤邦保安服務有限公司)		29 October 2024	28 October 2027
	Liaocheng Fengcheng Property Management Co., Ltd.* (聊城市鳳城物業管理有限公司)		29 June 2023	28 June 2026
Food Operation Licence (食品經營許可證) (Separate licence shall be obtained for different business premises)	Qingdao Wendake and its branches (holding 15 licences)	Sales of pre-packaged food (including refrigerated and frozen food), sales of bulk food (including refrigerated and frozen food but excluding cooked food), sales of bulk food (including refrigerated and frozen food and including cooked food), other infant formula food, sales of health food, special medical purpose formula food, production and sale of hot food	Ranging from 2 November 2022 to 3 March 2025	Ranging from 16 June 2025$^{(note\ 2)}$ to 2 March 2030
	Qingdao New Era Easy Life Catering Management Co., Ltd.* (青島新時代易生活餐飲管理有限公司) and its branches (holding 22 licences)	Production and sale of hot food, production and sale of cold food, production and sale of pastry products (excluding decorated cakes)	Ranging from 11 August 2021 to 12 October 2024	Ranging from 14 May 2025$^{(note\ 2)}$ to 11 October 2029

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Type of licence or permit	Holder	Qualification category, grade or scope	Effective year/date	Expiry year/date
	New Era Property and its branches (holding 5 licences)	Production and sale of hot food, production and sale of cold food	Ranging from 2 December 2020 to 11 January 2024	Ranging from 1 December 2025[(note 2)] to 10 January 2029
	Ruiyuan Smart Industry (holding 2 licences)	Production and sale of hot food	Ranging from 24 February 2023 to 19 September 2023	Ranging from 23 February 2028 to 18 September 2028
	Qingdao Ruiyuan Easy Life Catering Management Co., Ltd.* (青島瑞源易生活餐飲管理有限公司) (holding 1 licence)	Production and sale of hot food, production and sale of pastry products (excluding decorated cakes)	17 February 2023	16 February 2028
	Qingdao Ruikehui Commercial Management Co., Ltd.* (青島瑞客匯商業管理有限公司) (holding 1 licence)	Production and sale of hot food	18 June 2021	17 June 2026

Notes:

1. Our revenue generated from value-added telecommunications services amounted to RMB0.3 million, RMB1.1 million, RMB5.5 million and RMB0.02 million for FY2021, FY2022, FY2023 and FY2024, respectively, representing 0.05%, 0.11%, 0.49% and 0.002% of our total revenue for the corresponding years. Despite the minimal revenue contribution and the relevant policy restrictions on the foreign stake under the Negative List, we still decide to maintain value-added telecommunications services and the relevant licences and qualifications mainly because we believe such licences and qualifications are necessary for us to explore and develop new business opportunities with significant growth potential in the future, including but not limited to those related to cloud computing, IoT and 5G network.

2. Our Value-added Telecommunication Business Operation Licence (增值電信業務經營許可證) and Construction Enterprise Qualification Certificate (建築業企業資質證書) will expire on 24 April 2025 and 14 November 2025, respectively. Our certain Food Operation Licences (食品經營許可證) will also expire in 2025. We are in the process of renewing such licences and certificate and do not anticipate any material legal impediment in doing so.

INTELLECTUAL PROPERTY

We believe that safeguarding our intellectual property rights is crucial to our business success. To protect these rights, we primarily depend on trademark and copyright laws and regulations, along with the contractual obligations of our employees and third parties to uphold confidentiality and prevent competition. In addition, we have taken the following key measures to protect our intellectual property rights: (i) deploying a special team to guide, manage, supervise and monitor our daily work regarding intellectual properties, (ii) timely registration, filing and application for ownership of our intellectual properties, and (iii) engaging professional intellectual property service providers.

As at the Latest Practicable Date, we registered 39 patents (including 21 invention patents) and 179 software copyrights in the PRC and our above patents and other intellectual property rights had not been pledged and we had not had any material disputes with third parties in relation to the above trademarks and other intellectual property rights. According to our PRC Legal Advisors, we legally

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own the above intellectual property rights which were registered in the PRC, and we have the right to use, license to third parties or transfer to third parties the above intellectual property rights which were registered in the PRC during the term of the above intellectual property rights. For details of our registered intellectual property rights, please refer to the section headed "Appendix VI — Statutory and General Information — B. Further Information about Our Business — 2. Intellectual Property Rights of Our Group" to this document.

We implement a set of comprehensive measures to protect our intellectual property, in addition to making patents and software copyrights registration applications. Our employees are generally required to enter into a standard employment contract that includes a confidentiality clause and a clause acknowledging that all inventions, trade secrets, developments and other processes generated by them during their employment with us are our properties, and assigning to us any ownership rights that they may claim in those works. We will also actively monitor and pursue claims against any unauthorised use of our intellectual property.

In the future, we may need to seek or renew licenses related to certain aspects of our products, processes and services. We have established an in-house team, supplemented by professional external intellectual property counsel, to assist in the registration, application and review process of patents and trademarks.

As confirmed by our PRC Legal Advisor, during the Track Record Period and as at the Latest Practicable Date, based on desktop search results, there was no instance of infringement of third parties' IP rights by our Company or our Company's IP right by third parties. Based on its due diligence work conducted and the representations and confirmations provided by our Company and our Directors, the Joint Sponsors concur with the view of the PRC Legal Advisor.

AWARDS AND RECOGNITIONS

The following table sets forth some of our awards and recognitions received during the Track Record Period and at the Latest Practicable Date:

Award/Recognition	Awarding year	Awarding entity
Shandong Province's First Edition High-end Software Product (山東省首版次高端軟件產品)	2024	Shandong Provincial Department of Industry and Information Technology (山東省工業和信息化廳)
Key Projects for High-quality Development of Software Industry in Shandong Province (山東省軟件產業高質量發展重點項目)	2024	Shandong Provincial Department of Industry and Information Technology (山東省工業和信息化廳)
Second Prize for Excellent Cases in the advancement of Smart Community Construction in Shandong Province (山東省智慧社區建設推進優秀案例二等獎)	2024	Shan Dong Province Big Data Bureau (山東省大數據局) Shangdong Big data Association (山東省大數據協會)

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Award/Recognition	Awarding year	Awarding entity
Top 50 big data companies in Shandong Province for 2023 (2023年度山東省大數據企業50強)	2024	Shandong Data and Information Technology Application Innovation Association (山東省數據和信息技術應用創新協會)
Top 100 enterprises with comprehensive competitiveness in software and information technology service industry in Shandong Province for 2023 (2023年度山東省軟件和信息技術服務業綜合競爭力百強企業)	2024	Software Industry Association of Shandong Province (山東省軟件行業協會)
Shandong Province Science and Technology Progress Award (山東省科學技術發明獎)	2024	People's Government of Shandong Province
List of the first batch of small technology giant enterprises in Shandong Province (山東省首批科技小巨人企業名單)	2022	Department of Science and Technology of Shandong Province (山東省科學技術廳)
Top 100 private enterprises with innovation potential in Shandong province for 2022 (2022年度山東民營企業創新潛力100強)	2022	Federation of Industry and Commerce Shandong Province (山東省工商業聯合會)_
Shandong Public Security Science and Technology Progress Award (山東公安科學技術進步獎)	2022	Shandong Public Security Bureau

PROPERTIES

Owned Properties

As at 31 December 2024, we did not have any property interests with a carrying amount representing 15% or more of our total consolidated assets. Accordingly, this document is exempted from compliance with the requirement of submitting valuation reports for all property interests of our Group in buildings set out in section 34(2) of Schedule III to the Companies (Winding Up and Miscellaneous Provisions) Ordinance referred to in the section 38(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in accordance with Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

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Our headquarters is located in Qingdao. As at the Latest Practicable Date, we owned three properties with a total site area of approximately 15,892.8 sq.m.. The following table sets forth a summary of our owned properties.

No.	Address	Usage	Owned Area
			(Approximate sq.m.)
1.	Workshops No. 1, 2 and 3, No. 500 Wangjiang Road, Huangdao District, Qingdao, Shandong Province	Industrial	15,751.2
2.	Room 1411, Building 757, Qianjin East Road, Kunshan Development Zone, Suzhou, Jiangsu Province	Office	60.2
3.	Room 717, Unit 1, Building No. 1, 577 Dalian Road, Jiaonan City, Qingdao, Shandong Province	Commercial	81.4

Leased Properties

As at the Latest Practicable Date, we also leased 15 properties with a total gross floor area of 3,556.05 sq.m. mainly for offices, dormitory, new retail and canteen. The duration of these leases vary from one year to ten years. Rents under our leases are generally in fixed sum.

Properties Defects

(a) Leased Properties Pending Building Ownership Certificates (房屋所有權證)

As at Latest Practicable Date, with respect to four of our leased properties with an aggregate GFA of approximately 1,243 sq.m. representing approximately 34.95% of our total leased GFA, the lessors of such leased properties had not been able to obtain or provide us with sufficient and valid building ownership certificates that evidence their rights to lease the properties or proof of authorisation from property owners to sublease the properties to us.

As advised by our PRC Legal Advisor, without ownership certificates or proof of authorisations from the property owners, our use of these defective leased properties may be affected by third parties' claims or challenges against the lease or our land use rights. Pursuant to the applicable PRC Law, if the lessors do not have the requisite rights to lease these properties, the relevant lease agreements may be deemed invalid and we may be required to vacate these properties.

In view of the foregoing, our Directors are of the view that the abovementioned title defects will not materially and adversely affect our business and results of operations on the grounds that: (i) to the best of our Directors' knowledge, our leases with respect to these defective leased properties had not been subject to claims or disputes in connection with rights to lease and use such leased properties during the Track Record Period and up to the Latest Practicable Date; and (ii) we believe that we would be able to relocate to a different site relatively easy on comparable commercial terms and at similar prices with immaterial relocation costs should we be required to do so.

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(b) Lease Registration

Pursuant to the applicable PRC Law, property lease contracts must be registered with the local branch of the Ministry of Housing and Urban-Rural Development of the PRC. As at the Latest Practicable Date, all of our lease agreements with landlords were not registered with the relevant government authorities in the PRC. This was primarily due to the difficulty in procuring our lessors' cooperation in registering such leases. Our PRC Legal Advisor advised us that, according to the applicable PRC Law, the non-registration would not affect the validity of these lease agreements, but we, as the lessee, may be required by the relevant authorities in the PRC to register the relevant lease agreements within a prescribed time limit. If we fail to do so, we may be subject to fines ranging from RMB1,000 to RMB10,000 for each non-registered lease agreement. The estimated total maximum penalty was RMB150,000 as at the Latest Practicable Date. However, as at the Latest Practicable Date, we had not been ordered to register our lease agreements or fined by the relevant authorities in the PRC with respect to these lease agreements. In view of the foregoing, our Directors are of the view that non-registration of these lease agreements will not materially and adversely affect our business operations.

(c) Lack of Requisite Approval for Certain Leased Properties

As at the Latest Practicable Date, with respect to one of our leased properties built on allocated land (劃撥用地) with an aggregate GFA of 311.76 sq.m., representing approximately 8.77% of our total leased GFA, the lessors could not provide documents proving that the corresponding approval procedures for such properties leased to us had been completed.

As advised by our PRC Legal Advisor, properties on allocated land shall not be leased without authorisation from relevant authorities. There is no guarantee that the lessors had obtained authorisations from the land administration departments to lease the properties. If the lessors did not obtain the requisite approval for leasing such properties in accordance with the relevant laws and regulations, the validity of the relevant leasing contracts may be uncertain. In the event that we are not able to continue to use the leased properties, we consider that the leased properties can be replaced by other suitable properties on comparable commercial terms and at similar prices with immaterial relocation costs. In view of the foregoing, our Directors are of the view that such property defects do not have any material adverse impact on the operation of our Group.

For further details on the risks associated with our leased properties, see "Risk Factors — Risks Relating to Our Business and Industry — Our leased property interests may be defective and our lease agreements may not be registered, our right to lease the properties affected by such defects may be challenged, which could cause significant disruption to our business."

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, no member of our Group had been involved in any legal, arbitration or administrative proceedings, including bankruptcy or receivership proceedings, whether actual or threatened, that we believe would have a material adverse effect to our business, results of operations, financial condition or reputation. Also, our Directors had not been involved in any actual or threatened claims or litigations of material impact. We did not have any non-compliance incidents which had material adverse impact on us during the Track Record Period and up to the Latest Practicable Date. However, we may from time to time become a party to various legal, arbitration or administrative proceedings arising in the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our

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management's time and attention. As for the non-compliance incidents relating to social insurance and house provident funds contributions and the relevant legal opinions, please refer to the subsection headed "Business — Employees — Social Insurance and Housing Provident Fund Contribution" for details.

RISK MANAGEMENT AND INTERNAL CONTROL

Our future performance of operation may be impacted by the risks related to our business, some of which are diversifiable risks, while the others are systematic risks. Please refer to the section headed "Risk Factors — Risks Relating to Our Business and Industry" for more details of the major risks identified by our management in this document. We have implemented various risk management policies and measures to identify, assess, manage and monitor risks arising from our operations. Risks identified by our management team, internal and external reporting mechanism, remedial measures and contingency management have been codified in our policies. These policies and procedures are essential to the achievement of sound governance and the healthy growth of our business performance. In particular, we have adopted, among other things, the following risk management measures:

- our Directors, Supervisors and senior management attended a training session in July 2024 in relation to the relevant requirements of the Listing Rules and duties of directors of companies listed in Hong Kong;

- establishing an audit committee under the Board to monitor the integrity of our financial statements and review financial reporting judgments contained in our annual and interim reports. Our audit committee comprises three independent non-executive Directors, namely Ms. Shin Chuck Yin, Mr. Guan Deyong and Mr. Qin Yong. Ms. Shin Chuck Yin is the chairlady of the audit committee and the independent non-executive Director with appropriate professional qualifications. For details of the qualifications and experiences of these members, please refer to the section headed "Directors, Supervisors and Senior Management";

- adopting adequate internal control policies to ensure the continuing compliance with the Listing Rules, including but not limited to the detection and administration of notifiable and connected transactions, horizontal competition and other disclosure matters;

- providing regular anti-corruption and anti-bribery compliance training for senior management and employees in order to cultivate a good compliance culture, such as to carry out clean and anti-corruption propaganda when new employees entered, and to hold regular lectures; and

- our human resources department is responsible for monitoring compliance with our internal rules and procedures by our employees to ensure that we comply with the relevant regulatory requirements and the applicable laws so as to reduce our legal risks.

In preparation for the [REDACTED], we have engaged an independent internal control consultant to review our internal control system. The review was based on an agreed scope that included controls and procedures at both the company level and within various business processes, such as control environment, information and communication, sales and collection management, procurement and payment management, financial reporting and disclosure controls, cash and treasury management, human resources management, tax management, and the purchase of insurance policies. We have implemented the consultant's recommendations, and they have

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completed a follow-up review of our internal control system with regard to the actions we have taken. Considering the above, our Directors believe that our enhanced internal control measures are sufficient and effective for our current business environment.

SOCIAL HEALTH, SAFETY AND ENVIRONMENTAL MATTERS

The Board is responsible for developing strategies and policies on environmental, social and governance matters to manage environmental, social and governance related risks and ensuring that effective systems of internal control are in place to mitigate such risks in the day-to-day operation of the business in order to fulfil its commitment to environmental and social responsibility.

We are committed to protecting the environment and have taken measures to ensure that we comply with the standards specified in the GB/T24001–2016/ISO14001:2015 Environmental Management System Certification Certificate, which was issued by Shandong Seatone International Certification Co. Ltd, with validity periods from 19 October 2021 to 25 December 2024 and from 21 October 2024 to 25 December 2027, respectively. Our daily operations follow the requirements of international certification guidelines and relevant laws and regulations in the PRC. During the certification period, we will undergo regular reviews to ensure the validity of relevant certificates. Our businesses, including IS integration solution services, property services and community living services do not pose any significant harm to the environment. During the Track Record Period and as at the Latest Practicable Date, we have not been subject to any significant administrative penalties for violations of environmental or energy-related laws, nor have we been subject to any significant fines or penalties for violations of environmental or energy-related laws.

Governance

The Board is responsible for overseeing environmental, social and governance policies and regularly assessing environmental, social and governance related risks in accordance with applicable laws, regulations and policies, setting our key objectives and strategies and reviewing our performance against environmental, social and governance related objectives on an annual basis. The ESG strategy will be revised as appropriate if material variations from the objectives are identified.

The Board is committed to integrating ESG thinking into our Group's business operations and authorises management to develop sustainable development strategies and implement policies. Management is responsible for executing projects, assessing results, monitoring potential risks, and reporting performance. Management will periodically review the implementation and progress of policies closely, and if the progress is not up to expection or if there are changes in business and operations, adjustments to the policies will be made.

Additionally, we intend to set up an ESG working group comprising key operational functionaries at the time of [REDACTED] to support the Board in the implementation of ESG policies, and the ESG working group will be led by the general manager, with members of the management team occupying key positions. The ESG working group will generally be responsible for keeping abreast of the latest ESG related laws and regulations. We will also regularly conduct importance assessments with internal and external stakeholders on environmental, social and governance-related risks, and advise management on how to adjust our business development and direction in response to climate change. In addition, the ESG working group monitors the implementation of ESG-related measures on an ongoing basis and reports to the Board and management.

BUSINESS

Identifying environmental, social, and governance risks

Stakeholders play a crucial role in ensuring the sustainable development of our business, and management maintains close contact with them. Our key stakeholders include customers, suppliers, employees, government, communities, and shareholders. Through continuous interaction and communication, we are committed to gather their perspectives and feedback to identify ESG-related risks. We will assess these risks based on their significance and develop a sustainable development framework to address them, prioritizing accordingly. Management will regularly review stakeholders' updated opinions and pays attention to potential entity risks and excessive risks arising from climate change, aiming to identify significant ESG issues that may impact our business development and stakeholders.

We plan to identify significant ESG matters and determine their priorities through the following methods: (i) conducting surveys among stakeholders; (ii) consulting external experts; (iii) integrating feedback from stakeholders and external experts to create a matrix of significant ESG matters; (iv) researching significant ESG issues; and (v) aligning significant ESG matters with our development and business plans, categorizing them based on relevance and importance.

Managing environmental, social, and governance risks

Our proposed ESG working group is responsible for identifying applicable laws, regulations, and industry standards that cover various ESG risks, including environmental protection, production safety, employee welfare, consumer rights, anti-corruption, and community support. This initiative aims to ensure our compliance with relevant regulations and alignment with industry standards. Additionally, we have established short-term, medium-term, and long-term goals for our ESG measures and are collecting data on the implementation of these measures to regularly review our progress in achieving these goals and mitigating climate change-related risks.

Actual and potential impacts of environmental, social and climate-related risks, and strategies to address them

Management recognises and identifies environmental, social and climate-related issues facing our business, including (i) the extent to which environmental, social and climate-related issues may affect our operational efficiency and financial performance. If our corporate or individual customers experience environmental, social and climate-related problems that reduce their ability to consume, this could have a direct impact on our operating revenues and profits; and (ii) environmental, social and climate change risks could expose our business operations to a variety of external pressures from various levels of regulators, [REDACTED] and public opinion. As a result, we may be exposed to a variety of risks and opportunities as a result of these environmental, social and climate-related issues.

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We have set out the environmental, social and climate related issues, their potential risks, opportunities and countermeasures:

Material issues	Potential risks, opportunities and countermeasures
Impact of global warming on business operations	Global warming poses a wide range of risks to business operations, including supply chain disruptions, rising insurance costs and labour challenges. We actively identify and monitor environmental, social and climate-related risks and opportunities that may affect our business, strategy and financial performance. Our business does not involve major risks related to health, work safety and the environment, so we do not expect this to have any significant adverse impact on our business and operating results. Regarding potential physical risks and excessive risks arising from climate change, we will continue to evaluate the impact that related risks may have on our income and expenses.
Impact of extreme weather	Typhoons, floods and other natural disasters may have a negative impact on our operations in the short term. Our main business is located in Qingdao City, Shandong Province. Extreme weather may have an impact on our operations, including possible interruption or suspension of operations, which may have an adverse impact on our financial performance. We are fully aware that extreme events may cause failures of the system, resulting in short-term business impacts. Such failures may result in the loss of operational data, which may affect our ongoing relationships and commitments with our customers. We will negotiate with stakeholders and consider the risks caused by extreme weather when entering into contracts, and have formulated corresponding disaster prevention plans, to minimise the economic losses if it occurs.
Impact of changes to existing law	In the medium to long term, governmental departments or official agencies may change existing or foreseeable future environmental, social and climate-related laws and regulations, and related capital expenditures and energy-saving equipment may increase our operating costs, which may affect our business operations and financial performance. Therefore, management takes into consideration relevant laws and regulations when formulating the direction and mode of business development and monitor national and international trends regarding climate change, and will adjust our strategies to cope with changing environmental, social and climate-related risks.

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Material issues	Potential risks, opportunities and countermeasures
Human capital development	Due to the nature of the industry in which we operate, our ability to continue operating depends significantly on our workforce. To improve our human capital, we must be able to recruit, retain and develop highly competent employees. Employees with insufficient experience or training have the potential to breach contracts or fail to comply with applicable rules and regulations, which could increase our compliance fees and fines. Strong human capital may lead to a more stable workforce and lower turnover rates, thereby reducing recruitment expenses and increasing employee productivity.

Our management will actively identify and monitor the actual and potential environmental, social and climate-related risks we face, and consider the opportunities and threats arising from related matters in our business operations. To the best of our knowledge, as of the Latest Practicable Date, our business model has not had a material negative impact on our Group's financial performance and position due to significant changes in social trends and government policies on environmental, social and climate-related matters.

Our Company's core businesses are IS integration solution services, property services, community living services and others. Our Company is not involved in major manufacturing activities or construction projects, so it does not produce a large amount of emissions and waste, nor does it cause serious pollution to the surrounding environment. Nonetheless, we will continue to monitor environmental and climate-related risks that may affect our Group's business operations and financial performance, and assess their impact from short-term, medium-term and long-term perspectives.

Climate-related issues are one of our Company's main issues of concern. Under the supervision of the Board, our Company has actively identified and monitored short-, medium- and long-term climate-related risks and opportunities, and sought to integrate these climate-related risks into our Company's business, strategy and financial planning.

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Indicators and targets for environmental, social and climate-related risks

Environmental, social and climate-related matters

Our main businesses include information system integration solution services, property services and community life services. As a provider of information system integration solution services, our Group does not own a data centre that requires a large amount of energy for operation. Our resource consumption and carbon emissions mainly come from the operation of offices and the operation of common areas of the properties we manage. During the Track Record Period, our consumption of electricity, water, diesel and gasoline is set out as follows:

	For the year ended 31 December			
Use of Resources	**2021**	**2022**	**2023**	**2024**
Electricity consumption (MWh)[1]	11,358	10,845	9,248	9,215
Gasoline and diesel consumption (MWh)[2]	379	440	316	314
Total energy consumption (MWh)	11,737	11,285	9,564	9,529
Energy consumption intensity (MWh/RMB million of revenue)	18.2	11.5	8.6	8.6
Water consumption (kilostere)[1]	24,214	35,959	73,988	52,524
Water consumption intensity (kilostere/RMB million of revenue)	37.5	36.7	66.4	47.2

Note 1: Electricity and water consumption refer to the quantities used by our Group in operations.

Note 2: The collected gasoline and diesel consumption units (litres) were converted to MWh using the Energy Statistics Manual issued by the International Energy Agency.

Our Group's main sources of greenhouse gas emissions are direct emissions from mobile combustion sources ("**Scope 1**"), indirect emissions from generated electricity ("**Scope 2**") and other indirect emissions ("**Scope 3**").

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The amounts of greenhouse gas emissions are as follows:

	For the years ended 31 December			
Emission of greenhouse gases	2021	2022	2023	2024
Greenhouse gas emissions (Scope 1) (tCO$_2$e)[1]	104	120	87	85
Greenhouse gas emissions (Scope 2) (tCO$_2$e)[2]	8,826	8,424	7,184	7,148
Greenhouse gas emissions (Scope 3) (tCO$_2$e)[3]	427	423	645	462
Greenhouse gas emissions (tCO$_2$e)	9,357	8,967	7,916	7,695
Greenhouse gas emission intensity (tCO$_2$e/RMB million of revenue)	14.5	9.2	7.1	6.9

Note 1: The calculation of Scope 1 includes the fuel consumed by our Group's vehicles.

Note 2: The calculation of Scope 2 include electricity purchased from electricity suppliers.

Note 3: The calculation of Scope 3 includes greenhouse gas emissions generated by processing waste paper, electricity consumption for processing water, and employees' domestic and overseas business travel.

During the Track Record Period, our energy consumption intensity and greenhouse gas emission intensity per RMB million of revenue in terms of unit operating revenue showed a declining trend. The indicators listed above (such as energy consumption intensity, water consumption intensity and greenhouse gas emission intensity) are suitable for comparison with our peers.

Our Group will be committed to reducing electricity consumption and will set goals for the next five years based on historical data during the Track Record Period. By closely monitoring electricity consumption and implementing a number of energy-saving measures, it is expected that electricity consumption will be maintained at a stable level. Our Group's energy conservation measures to reduce its carbon footprint include but are not limited to:

● Install smart lighting and ensure there are automatic sensors to turn off the lighting system when not in use.

● Require employees to turn off the air conditioner when not using the room;

● Regularly clean air conditioning filters and maintain air-conditioning equipment to improve performance;

● Set computers to automatic standby mode when idle and require employees to turn off electronic devices when leaving the office to minimise energy waste from electronic devices;

● In summer, set the indoor air conditioning temperature to a range of 24 to 26 degrees; and

● Optimise procedures and improve product energy utilisation.

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The main source of water consumption for office operations, property services and community life services is municipal water supply, and the relevant sewage will be discharged to the municipal sewer network for treatment. As water is a precious resource, our Group recognises the importance of water conservation and plans to reduce its water consumption intensity in the medium to long term, and has set targets for the next five years based on historical data from the Track Record Period. Our Group is committed to reducing water consumption and has implemented the following measures:

● Post water conservation signs in restrooms to raise awareness of water conservation among staff;

● Ask staff to remember to turn off faucets after use;

● Repair any leakage from the faucet immediately;

● Enhance publicity on water conservation, strengthen internal management, resolutely eliminate running, venting, dripping and leaking, and strictly implement water conservation systems and measures; and

● Inspect water pipelines regularly to prevent water waste.

While we do not face significant environmental or climate-related risks, our Group is committed to reducing fuel consumption and other carbon footprints in our business operations and contributing to environmental protection by setting targets for the next five years based on historical information from the Track Record Period. We have therefore implemented a number of measures during the Track Record Period:

● Ensure that vehicles are used without idling engines;

● Reduce the use of energy-intensive vehicles;

● Encourage employees to conduct online meetings and avoid unnecessary business travel;

● Encourage employees to transmit information electronically as much as possible and reduce the use of paper;

● Encourage employees to use waste paper for notes and use double-sided printing if they must use paper;

● Separate garbage in common areas of offices and property services to facilitate recycling; and

● Regulate the use of public vehicles so as to arrange public vehicles on a scientific and reasonable basis.

Our main suppliers of information system integration solution services may generate carbon emissions when maintaining information infrastructure and servers, and logistics service providers of community living services may use non-environmentally friendly packaging materials or transportation methods during delivery. In order to reduce the impact of third-party service providers on our indirect carbon emissions, we will actively study the carbon footprint of third-party

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service providers and use environmental protection capabilities as one of the evaluation factors when evaluating these service providers to ensure that service providers have the ability to conduct sustainable operations and continue to strive to minimise environmental impact.

We have implemented waste management initiatives and strictly adhere to waste disposal regulations under relevant laws and regulations. As a property service operator, promoting waste management is one of our key focuses in building an ecological civilization. To address waste collection and disposal issues, enhance users' awareness of waste sorting, and achieve resource recycling, we have set up facilities for waste classification and increased promotional efforts to boost recycling rates. We plan to hold more community activities to raise awareness about energy conservation, emission reduction, and green living. Our company has signed waste disposal contracts with third parties that possess the qualifications and capabilities for waste removal, ensuring proper handling of waste.

Environmental Goals

Our Company has set sustainable development goals based on 2023 and a five-year cycle. By 2028, the Company's goals in carbon reduction, energy conservation and water conservation are as follows:

- Greenhouse gas emission intensity will decrease by 5% by 2028 compared with 2023;

- Energy consumption intensity will decrease by 5% by 2028 compared with 2023; and

- Water consumption density will decrease by 5% in 2028 compared with 2023.

Social Responsibilities

We are committed to participating in community services in the places where we operate and have implemented a number of measures that benefit all employees to fulfil our social responsibilities.

Employees

We believe that talent is one of the core competitiveness of an enterprise's sustainable development. Our Company regards its employees as the cornerstone of its everlasting business, adheres to the people-oriented principle, and respects and values every employee. As at 31 December 2021, 2022, 2023 and 2024, the number of contract employees was 1,398, 1,547, 1,632, and 1,601, respectively. As of the Latest Practicable Date, the average age of our employees was 40 years old and they were highly educated, with approximately 54% having an associated degree or above.

We believe that our experienced management team and employees are critical to our success. Our senior management team (accounting for approximately 2% of the total number of employees) has extensive experience in information systems, property management, community life services, commercial operations and other related industries and shares a common strategic vision. We believe that their industry expertise, execution capabilities and resource coordination capabilities will bring us steady and sustained growth during the Track Record Period and in the foreseeable future.

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A breakdown of employees by function is as follows:

	As at 31 December			
Indicators	**2021**	**2022**	**2023**	**2024**
By gender (%)				
Male	54%	51%	51%	51%
Female	46%	49%	49%	49%
By age (%)				
Below 30	20%	23%	24%	19%
30 to 50	66%	58%	60%	62%
Above 50	14%	19%	16%	19%
By employment type (%)				
Part time	0%	0%	0%	0%
Full time	100%	100%	100%	100%

During the Track Record Period, we employed labour outsourcing personnel by entering into labour outsourcing service agreements with third-party labour outsourcing agencies. These labour outsourcing personnel are mainly engaged in auxiliary work, and the labour outsourcing personnel have signed a labour contract with the labour outsourcing agency instead of us. We are not responsible for the social insurance, housing provident fund and other related expenses of labour outsourcing personnel.

The breakdown of employee turnover by gender and age is as follows:

	As at 31 December			
Indicators	**2021**	**2022**	**2023**	**2024**
Turnover rate (%)	28%	32%	29%	23%
By gender (%)				
Male[1]	25%	32%	27%	23%
Female[1]	30%	33%	32%	23%
By age (%)				
Below 30[1]	34%	27%	35%	30%
30 to 50[1]	21%	25%	24%	22%
Above 50[1]	50%	60%	57%	20%

Note 1: The turnover rate is calculated by dividing the number of employees of a specific group who resigned during the year or period by the number of employees of the specific group as at the balance sheet date.

Recruitment and Dismissal

Our recruitment process is fair and open to all candidates. The selection criteria are based on the candidates' qualifications, work experience and skills, and are not be affected by other factors such as age, gender, race, nationality and so on. On the day of employment, the Human Resources Department will verify the supporting documents such as identity cards, academic certificates and account books of newly recruited employees to confirm whether their age, identity, education level and working background are in line with the supporting documents and to avoid the use of child labour, and the cost of health check-ups prior to employment can be reimbursed for newly recruited

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employees. Whenever an employee proposes to resign, the Human Resources Department will conduct an interview before the employee leaves to understand the reasons for his/her resignation and manage issues related to employee turnover.

Development and Training

We firmly believe that talent is the cornerstone of our success. Therefore, we invest a lot of resources in the career development and training of employees at all levels, including but not limited to new onboarding training, on-the-job training, professional development seminars, professional certification courses, outbound training and sports days. We have also put in place a comprehensive staff appraisal mechanism and promotion pathway to provide our staff with a full range of continuous development opportunities.

Remuneration and Benefits

Our Group recognises its employees as its most valuable assets and provides them with competitive remuneration packages and other benefits to minimise employee turnover. We review our remuneration structure annually based on external and internal remuneration benchmarks. Our human resources management policy clearly stipulates that employees' remuneration shall be determined based on the functions, experience, skills and qualifications of specific positions. In addition, our Group determines employees' working hours in accordance with relevant laws and regulations to ensure employees have adequate rest time and physical and mental development.

As a part of caring for employees, it is also necessary to stimulate employees' enthusiasm for work, organise staff to participate in staff badminton, basketball, or table tennis clubs, and organise various activities and competitions to activate the cultural life of employees and create a high-spirited, positive and healthy mental outlook for employees. Our Group also provides a variety of benefits to all employees. In addition to providing social insurance, housing provident fund and other legal benefits for all employees in accordance with national regulations, it also provides a wealth of other unified benefits, trade union benefits, and special rewards, including but not limited to staff accommodation, subsidised lunches, welfare for children of employees on Children's Day, Mid-Autumn Festival welfare, Dragon Boat Festival welfare, Women's Day welfare, and transportation welfare.

Health and Safety

We are committed to providing and maintaining a healthy and safe workplace for our employees to minimise occupational health and safety risks. Employees must strictly comply with work and operating procedures, as well as laws and regulations on occupational health and safety to prevent accidents. We also provide regular health and safety training to our employees to increase their health and safety awareness. All employees who pass the probation period are entitled to free annual physical examinations. For our IS integration solutions services, we successfully obtained ISO 9001:2015 Quality Management System certification, ISO 45001:2018 Occupational Health and Safety Management System certification, and ISO 14001:2015 Environmental Management System certification in 2021. For our property services, we achieved ISO 9001:2015 Quality Management System certification and ISO 45001:2018 Occupational Health and Safety Management System certification in 2012, and in 2023, we successfully obtained ISO 14001:2015 Environmental Management System certification, ISO 22000:2018 Food Safety Management System certification, ISO/IEC 27001:2013 Information Security Management System certification, and ISO 50001:2018 Energy Management System certification. For our community living services, we successfully obtained ISO 9001:2015 Quality Management System certification, ISO 45001:2018 Occupational

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Health and Safety Management System certification, ISO 14001:2015 Environmental Management System certification, ISO 22000:2018 Food Safety Management System certification, and Hazard Analysis and Critical Control Points (HACCP) certification in 2023.

During the Track Record Period, our Group has neither violated any laws and regulations regarding safe working environment, nor has there been any fatal or work-related accidents, nor has it paid any relevant compensation to employees. Since our business operations do not involve dangerous procedures that pose high risks to health and safety, we have provided basic protection for all employees through work-related injury insurance. In the event of any work-related accident, we will provide employees with full compensation in accordance with relevant laws and regulations.

Workforce diversity

We are committed to creating a fair, diverse and inclusive work environment, so all employees enjoy equal promotion opportunities and benefits, including recruitment, training and other career protections. We have established long-term goals and strictly enforce an anti-discrimination policy that will not tolerate discrimination based on age, gender, sexual orientation, disability, race or any other aspect.

Information Security

Although we do not collect, store, use, process, transfer, provide, publicise or delete relevant customer data or personal data for our IS integration solution services, we may do so for our property services and community living services. Therefore, we consider information security one of our top priorities and have established comprehensive data protection strategies to ensure compliance with applicable laws and regulations. We have strict regulations regarding data usage and the protection of confidential information, including access to information systems being restricted by permissions and password settings. Data access and processing are only permitted for job-related duties. We regularly provide data privacy training to employees to enhance compliance awareness regarding data protection. Additionally, employees who have access to core and private data are required to sign confidentiality agreements, prohibiting them from disclosing any confidential information related to their work without our consent. We conduct regular checks and risk assessments on information security and adjust our information risk control and security management strategies accordingly. We have also established an information security emergency mechanism to prevent significant negative impacts on our business operations from any security incidents.

Supply Chain Management

Supply chain management is an important aspect of our Group's business, encompassing the management of environmental and social risks within the supply chain. We require suppliers and subcontractors to provide quality standards for products and services, as well as health and safety standards, ensuring compliance with environmental laws, regulations, and labor standards. Procurement of products and services must be based solely on specifications, quality, service, pricing, bidding, and applicable environmental and social considerations. For quality control, we assess based on our own on-site inspections and the self-inspections conducted by suppliers and subcontractors. Depending on the evaluation results, we have contractual rights to adjust subcontracting fees. If suppliers or subcontractors fail to meet contractual requirements or obligations, we reserve the right to terminate the contract.

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We stipulate that the selection of suppliers and subcontractors must be fair, maximizing the competitiveness of the bidding process, approving contract terms, complying with laws and regulations, and preventing and detecting bribery or fraud in the bidding and procurement processes, while enhancing procurement efficiency and reducing costs. Additionally, our community living services prioritize local suppliers or those geographically closer to our operations to minimize carbon footprints.

We require in our mandate that subcontractors to obtain the necessary licenses, permits, and certificates for their business operations. We also mandate that our subcontractors purchase insurance for employees providing services to our group, and according to our contracts with subcontractors, they are responsible for all work-related injuries to their employees, except for injuries directly caused by us.

We will establish a code of conduct for suppliers and subcontractors within our ESG policies, requiring major suppliers and subcontractors to comply with our ESG policies. The main terms in standard subcontract agreements will outline the scope and standards for compliance with various environmental and social matters, including but not limited to quality assurance, ethical conduct, safety and hygiene, employee labor protection, and confidentiality of business information. They must also commit to complying with labor laws and regulations related to employment.

During the Track Record Period and as of the Latest Practical Date, we are not aware of any major suppliers or subcontractors that have caused any significant actual or potential adverse impacts related to business ethics, environmental protection, or labor practices, nor are we aware of any non-compliance incidents related to these matters.

Anti-corruption

Our Group provides clear guidance to all employees on the prevention of corruption and continues to communicate with employees to ensure that they understand our Group's firm anti-corruption stance. In order to practise sustainable operations, our Group implements a code of business integrity to curb any unethical business practices, including bribery, fraud, corruption, extortion and money laundering. We provide training to all directors and employees, including but not limited to anti-corruption laws and regulations and employees' codes of conduct.

Our Group emphasises that employees must abide by the laws and regulations and will be held accountable for violations. Regarding the prevention of integrity risks, we pay attention to the risks that are prone to corruption such as the decision-making of major matters, the arrangement of major projects and the use of major funds, as well as business links such as bidding, project outsourcing, and procurement settlement. In addition, we have formulated a reporting policy and set up anonymous reporting channels and methods to encourage employees to report violations and provide for the protection of the safety of whistleblowers.

Our Group has not seriously violated anti-corruption-related laws and regulations during the Track Record Period, which would have a significant impact on our Group's business operations and financial position.