融信服务
RONSHINE SERVICE
Stock Code
2207.HK

2023
LET SERVICES
CREATE VALUE

ANNUAL REPORT

融信服务集团股份有限公司
Ronshine Service Holding Co., Ltd
(incorporated in the Cayman Islands with limited liability)

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS
Mr. Ou Zonghong *(Chairman)*
(resigned on 12 September 2023)
Mr. Ou Guofei *(Chairman)*
(appointed on 12 September 2023)
Mr. Ma Xianghong
Ms. Lin Yi

NON-EXECUTIVE DIRECTOR
Ms. Lin Liqiong (resigned on 12 September 2023)

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Ye Azhong
Mr. Chen Zhangwang
Mr. Kwok Kin Kwong Gary

AUDIT COMMITTEE
Mr. Kwok Kin Kwong Gary *(Chairman)*
Mr. Chen Zhangwang
Mr. Ye Azhong

REMUNERATION COMMITTEE
Mr. Chen Zhangwang *(Chairman)*
Mr. Ou Guofei
Mr. Ye Azhong

NOMINATION COMMITTEE
Mr. Ou Guofei *(Chairman)*
Mr. Ye Azhong
Mr. Chen Zhangwang

AUDITOR
Elite Partners CPA Limited
Certified Public Accountants and
Registered Public Interest Entity Auditor
Level 23, YF Life Tower
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LEGAL ADVISER
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Sidley Austin

As to Cayman Islands law:
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JOINT COMPANY SECRETARIES
Ms. Lin Yi
Ms. Lee Angel Pui Shan

AUTHORIZED REPRESENTATIVES
Ms. Lin Yi
Ms. Lee Angel Pui Shan

PRINCIPAL BANKER
China Construction Bank

WEBSITE
www.rxswy.com

STOCK CODE
Stock Exchange: 2207

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

"AGM"	the annual general meeting to be held by the Company on 26 June 2024 or any adjournment thereof
"Articles" or "Articles of Association"	the articles of association of the Company (as amended, supplemented or otherwise modified from time to time)
"Audit Committee"	the audit committee of the Company
"Board" or "Board of Directors"	the board of Directors
"BVI"	the British Virgin Islands
"China" or "PRC"	the People's Republic of China, but for the purpose of this annual report and for geographical reference only and except where the context requires, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"Company" or "Ronshine Service"	Ronshine Service Holding Co., Ltd (融信服務集團股份有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability on 14 April 2020 and whose Shares are listed on the Main Board of the Stock Exchange (stock code: 2207)
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules, and unless the context requires otherwise, refers to Mr. Ou Zonghong, Rongxin Yipin and Fumei International
"Corporate Governance Code"	the Corporate Governance Code contained in Appendix 14 (which has been renumbered to Appendix C1 with effect from 31 December 2023) to the Listing Rules
"Director(s)"	the director(s) of the Company
"EIT"	the PRC enterprise income tax
"Family Trust"	the discretionary and irrevocable trust established on 18 August 2020 by Mr. Ou Zonghong as the settlor and protector, with HSBC International Trustee Limited as the trustee
"Fumei International"	Fumei International Co., Ltd (福美國際有限公司), a company incorporated in the BVI with limited liability on 6 April 2020, which is wholly owned by Rongan Juxiang and is one of the Controlling Shareholders
"GFA"	gross floor area
"Greater Bay Area"	the Guangdong-Hong Kong-Macau Greater Bay Area, a geographical region in China including Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen, Zhaoqing, the Special Administrative Regions of Hong Kong and Macau for purposes of this annual report
"Group", "our Group", "we", "our" or "us"	the Company and its subsidiaries

"HK$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Date"	16 July 2021, the date on which dealings in the Shares on the Main Board of the Stock Exchange first commenced
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 (which has been renumbered to Appendix C3 with effect from 31 December 2023) to the Listing Rules
"Nomination Committee"	the nomination committee of the Company
"Other Regions"	the economic regions in China other than the Western Straits Region and Yangtze River Delta Region, which primarily include but not limited to the following municipalities and cities for the purpose of this annual report: Tianjin, Chengdu, Chongqing, Pu'er, Taiyuan, Qingdao, Jiujiang, Nanchang, Changsha, Zhengzhou, Cangzhou, Baise, Hechi, Hezhou, Wuzhou, Jiangmen, Guangzhou, Fuyang, Qinzhou, Dezhou and Lanzhou
"Prospectus"	the prospectus of the Company dated 30 June 2021
"Remuneration Committee"	the remuneration committee of the Company
"Reporting Period"	for the year ended 31 December 2023
"RMB"	Renminbi, the lawful currency of the PRC
"Rongan Juxiang"	Rongan Juxiang Co., Ltd, a special purpose holding vehicle incorporated in the BVI with limited liability on 28 April 2020, which is wholly owned by HSBC International Trustee Limited, the trustee of the Family Trust
"Rongxin Yipin"	Rongxin Yipin Co., Ltd (融心一品有限公司), a company incorporated in the BVI with limited liability on 6 April 2020, which is wholly owned by Rongan Juxiang and is one of the Controlling Shareholders
"Ronshine China"	Ronshine China Holdings Limited (融信中國控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 11 September 2014, whose shares are listed on the Stock Exchange (stock code: 3301)
"Ronshine China Group"	Ronshine China and its subsidiaries

"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) with nominal value of HK$0.01 each in the share capital of the Company, which are traded in Hong Kong dollars and listed on the Main Board of the Stock Exchange
"Shareholder(s)"	holder(s) of the Share(s)
"sq.m."	square meter(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Western Straits Region"	an economic zone in China primarily including Fujian province, parts of Zhejiang province, Jiangxi province and Guangdong province, including but not limited to the following cities for the purpose of this annual report: Fuzhou, Xiamen, Sanming, Putian, Nanping, Quanzhou, Zhangzhou and Longyan
"Yangtze River Delta Region"	an economic region in China primarily encompassing Shanghai, parts of Zhejiang province and parts of Jiangsu province, including but not limited to the following municipalities and cities for the purpose of this annual report: Shanghai, Hangzhou, Huzhou, Shaoxing, Jiaxing, Zhoushan, Jinhua, Ningbo, Tongxiang, Wenzhou, Wuxi, Xuzhou, Changzhou, Suzhou, Zhenjiang, Nantong and Nanjing
"%"	per cent

MAJOR AWARDS AND HONOURS

Best Employer Enterprise of the Year 2023

Certificate of Honour for Member of
Fujian Province Property Management Association

2023 Top 100 Property
Management Enterprises in Eastern China

2023 Shanghai Property Service
Comprehensive Ability Rating Assessment Two-star Enterprise

The Board is pleased to announce the consolidated annual results of the Group for the Reporting Period.

CONSOLIDATED INCOME STATEMENT

	For the year ended 31 December		
	2023	2022	Change in percentage
	RMB'000	RMB'000	(%)
Revenue	**901,187**	876,840	2.8%
Cost of sales	**(728,786)**	(703,937)	3.5%
Gross profit	**172,401**	172,903	(3.0%)
Other income and other gains	**4,073**	6,595	(38.2%)
Profit before income tax	**16,740**	26,754	(37.4%)
Profit for the period	**10,658**	18,398	(42.1%)
– attributable to owners of the Company	**10,658**	15,528	(31.4%)
– attributable to non-controlling interests	**–**	2,870	(100.0%)

	As at 31 December		
	2023	2022	Change in percentage
	RMB'000	RMB'000	(%)
Total assets	**1,298,040**	1,198,023	8.3%
Total liabilities	**585,643**	496,284	18.0%
Total equity	**712,397**	701,739	1.5%

CHAIRMAN'S STATEMENT

Dear Shareholders,

Thank you for your valuable support and trust in Ronshine Service. On behalf of the Board, I am pleased to present you with the annual results report of the Group for 2023.

In 2023, Ronshine Service achieved stable cash flow with a moderate rebound. As of 31 December 2023, the Group's operating income amounted to RMB901.2 million, representing an increase of approximately 2.8% compared to 2022, with a net profit of RMB10.7 million, a decrease of approximately 42.1% compared to 2022. Throughout 2023, the revenue from the Group's three main business lines, i.e. property management services, value-added services to non-property owners and community value-added services, amounted to RMB712.7 million, RMB125.9 million, and RMB62.6 million, respectively. Additionally, Ronshine Service expanded its presence to 68 cities nationwide, with a contracted GFA of 40.4 million sq.m., and a GFA under management of 34.7 million sq.m., serving over 400,000 property-owners.

In 2023, Ronshine Service celebrated its 19th anniversary, marking the beginning of its Three-Year Strategic Plan spanning from 2023 to 2025. To enact our strategic guideline of "Deeply Cultivate and Grow", we moved from the bank of the Huangpu River back to the shore of the Minjiang River. After confronting challenges such as the pandemic and the downturn in the real estate market, our comprehension of the industry and mastery of consensus have changed as we tackled these issues.

The previous strategy of growing through capital market leverage has become untenable, owing to the sluggish Hong Kong stock market and the adverse impact from real estate enterprises on the property management sector. Instead, the focus of competition has shifted from "land grabbing" expansion to "real profit" generation, from "relying on related-party projects for revenue growth" to "leveraging value-added services to create a second growth curve", and from "nationwide expansion" to "regional cultivation". These adjustments and changes suggest that the development of the entire industry is reverting to its essence, property management, which is represented by improved service quality and enhanced management efficiency.

"No winter is too harsh to overcome, and every spring is certain to follow." Facing the harsh winter of the ongoing downturn in the real estate industry, Ronshine Service has promptly adjusted its strategy, steadfastly returning to the core of property services while relentlessly refining itself and boldly innovating, continuing to "Deeply Cultivate and Grow". On top of this, the Group will persist in advancing towards digital intelligence and informatization, realizing efficiency enhancements, cost savings, empowerment, and revenue growth through technological advancements. Additionally, we will leverage our core services to make the most of our customer resources, providing our customers with a variety of value-added services, including residential beautification services, life services and home services that prioritize their essential needs, i.e. clothing, food, housing, and transportation. Through our customer service endeavors, we will strive to achieve thorough coverage of "full life scenarios" and "full life cycles", allowing our customers to immerse themselves in a delightful community marked by "quality, warmth, and love," thereby enhancing customer satisfaction and facilitating the Group's future growth.

Last but not the least, on behalf of the Board, I would like to extend my sincere gratitude to all Shareholders, investors, partners and customers of the Company for their long-term trust and support in Ronshine Service, and to all colleagues for their hard work and contributions to the Group's development over the past year. In the new year, we will continue to uphold the corporate mission "Let Service Create Value", and create more value for the Shareholders, investors and customers.

Ronshine Service Holding Co., Ltd
Ou Guofei
Executive Director and Chairman
Hong Kong, 27 March 2024

BUSINESS OVERVIEW

The Group is principally engaged in the provision of property management services and related value-added services, including pre-delivery services, household assistance services, sales services and other services, in the PRC.

The Group is a comprehensive and fast-growing property management services provider in China and a large-scale and professional property management service enterprise with national first-class qualification. In 2023, the Group was awarded "2023 Top 100 Property Management Enterprises in Eastern China" (2023華東區域物業服務力百強企業), "2023 Shanghai Property Service Comprehensive Ability Rating Assessment Two-star Enterprise" (2023年度上海市物業服務綜合能力星級測評二星級企業), "Best Employer Enterprise 2023" (2023年度最佳僱主企業), "2023 Excellent Member Unit of Property Service" (2023年度物業服務優秀會員單位), which represent the recognition of the industry and form the foundation for us to further enhance our comprehensive strength. As at 31 December 2023, the Group provided property management services and value-added services in 68 cities across China, with contracted GFA and GFA under management of approximately 40.4 million sq.m. and 34.7 million sq.m., respectively.

The Group's business covers a wide range of properties, including residential properties and non-residential properties (such as commercial office buildings, city complexes, government office buildings, industrial parks, hospitals and banks), as well as other properties involving specialized and high quality customized services.

For the year ended 31 December 2023, the Group achieved revenue of approximately RMB901.2 million, representing an increase of approximately 2.8% as compared with RMB876.8 million in the same period of 2022. Net profit amounted to approximately RMB10.7 million, representing a decrease of approximately 42.1% as compared with approximately RMB18.4 million in the same period of 2022.

OUR BUSINESS MODEL

The Group's businesses comprise three major segments, namely property management services, value-added services to non-property owners and community value-added services. Since 2016, the Group has been providing property management services to projects developed by independent third-party property developers. With these three major business lines, the Group expects to engage in the whole value chain of property management.

PROPERTY MANAGEMENT SERVICES

The Group has been providing property management services since 2014, and its extensive industry experience and quality services differentiate the Group from many of its competitors. Since establishment, the Group has been providing a wide range of property management services to property developers, owners and residents, which primarily consist of cleaning, security, greening, car park management and repair and maintenance services. During the period, the Group's portfolio of managed properties comprises residential properties and non-residential properties, which primarily include government and public facilities, office buildings, commercial complexes, hospitals, banks, schools and industrial parks.

As at 31 December 2023, the Group had 264 contracted projects and a total contracted GFA of approximately 40.4 million sq.m., representing a decrease of approximately 5.7% and 11.8% respectively as compared with those as at 31 December 2022. It had 230 projects under management and a total GFA under management of approximately 34.7 million sq.m., representing an increase of approximately 7.5% and 3.0% respectively as compared with those at the end of 2022.

As at 31 December 2023, the Group's geographic presence expanded to 68 cities in China. Benefited from the strategy of "deeply cultivating the market in the Southeast and radiating the whole country" (深耕東南，輻射全國), the Group holds a strong market position in the Western Straits Region and the Yangtze River Delta Region. During the Reporting Period, the Group's GFA under management for property management services amounted to approximately 15.4 million sq.m. in the Western Straits Region and approximately 10.7 million sq.m. in the Yangtze River Delta Region, accounting for approximately 44.3% and 30.9%, respectively, of the total GFA under management.

During the Reporting Period, the number of projects under the Group's management reached 230, located in the Western Straits Region, Yangtze River Delta Region and Other Regions in China, covering 68 cities.

VALUE-ADDED SERVICES TO NON-PROPERTY OWNERS

We provide a series of value-added services to non-property owners, which primarily include sales assistance services, preliminary planning, design consultancy and pre-delivery services to non-property owners, and driving, vehicle dispatching and managing services.

During the Reporting Period, the revenue from value-added services to non-property owners decreased by approximately 43.2% to approximately RMB125.9 million as compared with the same period of 2022, accounting for approximately 14.0% of the total revenue. The decrease is mainly due to the continued downturn in the real estate market, which resulted in the decrease in demand for services by property developers.

During the Reporting Period, the revenue from sales assistance services amounted to approximately RMB28.3 million, representing a year-on-year decrease of approximately 72.8%; the revenue from preliminary planning, design consultancy and pre-delivery services amounted to approximately RMB35.9 million, representing a year-on-year decrease of approximately 30.9%; and the revenue from driving, vehicle dispatching and managing services amounted to approximately RMB61.7 million, representing a year-on-year decrease of approximately 6.1%.

COMMUNITY VALUE-ADDED SERVICES

The Group provides a wide range of community value-added services to property owners and residents. Its community value-added services primarily consist of community shopping services (Joyful Life Service (和美生活)), decoration and furnishing services and home maintenance services (Joyful Living Service (和美易居)), property agency services (Joyful Leasing and Sale Service (和美租售)) and ancillary services for common areas, which primarily include advertising in and rental of common areas.

During the Reporting Period, the revenue from community value-added services amounted to approximately RMB62.6 million, representing an increase of approximately 31.7% as compared with approximately RMB47.6 million in the corresponding period of 2022, accounting for approximately 6.9% of the total revenue. The increase was mainly attributable to the expansion of home services.

During the Reporting Period, the revenue from Joyful Life Service amounted to approximately RMB16.9 million, representing year-on-year decrease of approximately 5.9% as compared with approximately RMB18.0 million in 2022; the revenue from Joyful Living Service amounted to approximately RMB26.9 million, representing a year-on-year increase of approximately 403.5% as compared with approximately RMB5.3 million in the same period of 2022; the revenue from Joyful Leasing and Sale Service amounted to approximately RMB1.4 million, representing a year-on-year decrease of approximately 91.2% as compared with RMB15.9 million in 2022; the revenue from ancillary services for common areas reached approximately RMB17.4 million in the Reporting Period, representing a year-on-year increase of approximately 108.0% as compared with approximately RMB8.3 million in 2022.

OUTLOOK

2023 marks the third year of the Company's listing on the Main Board of the Stock Exchange (the "**Listing**"). From this new historical starting point, with a clearer strategic positioning and development direction, the Company will be able to further expand its scale of development by taking advantage of the listed platform, enhance the Group's operational management capabilities and achieve its high quality development goal. The Group's major development directions for the year of 2024 are set out below:

1. Cultivating core areas. We seek to enhance the project density of the Company's existing core areas through strategic investments and acquisitions, so as to consolidate and strengthen the Company's competitiveness and influence in the core areas. As the property management industry in the PRC is fragmented and competition varies from region to region, we believe that further acquisition of project resources in the Western Straits Region and the Yangtze River Delta Region where the Company has presence, will effectively increase the Company's management density in the core areas, thus further increasing revenue and reducing cost. Meanwhile, the brand competitiveness in the region can be simultaneously strengthened, thereby improving the Company's competitiveness and influence in the property management industry from all aspects.

2. Diversifying our Revenue Streams. We will continue to implement our "1+N" strategy, expand our value-added services and offer tailored services to further diversify our revenue streams, where the "1" represents the traditional property management services, and the "N" represents both value-added services to non-property owners and community value-added services. With the foundation of basic services, we fully explore customer resources to cater for customers' diversified and personalised needs and enhance customer satisfaction. On this basis, we focus on customers' needs for food, clothing, housing and transportation, to carry out diversified services such as residential beautification services, life services and home services to create a three-major scenario of "home + community + life", thereby boosting the Group's profit growth.

3. Improving our Service Quality and Operational Efficiency. We will focus on technology innovation and further upgrade of our intelligent information technology systems to maximize operational efficiency and enhance customer experience. Through the information technology protection brought by holography and digital intelligence, we can achieve service automation, assignment by work order, business and financial integration, online process, management instrumentation, assessment digitization, and comprehensively realize efficiency improvement, cost reduction, empowerment, and revenue enhancement.

4. Building our ROYEEDS (融御) Brand for High-end Properties Management. We will leverage our experience in managing mid- to high-end properties to further build our ROYEEDS (融御) brand into a leading property management brand for high-end properties. We plan to launch more projects under the brand in first-tier cities in the PRC and also plan to launch pilot project(s) in second-tier cities as well as other cities in the PRC with relatively high consumer spending power. The brand marketing for the ROYEEDS (融御) project will also be implemented to upgrade facilities and equipment for projects under the brand. We plan to increase the brand recognition of ROYEEDS (融御) by recruiting and training talents for premium service offering.

5. Focusing on Sustainable Talent Development. We attach great importance to the attraction, training and retention of professional talents. For talent attraction, we plan to place greater emphasis on lateral recruitment in the market. For talent retention, we plan to offer more diversed promotion opportunities, including internal election campaigns. Meanwhile, we will keep outstanding personnel from acquired companies.

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY OF OPERATING RESULTS

The profit margins of the Group vary across its three main business lines, namely, (i) property management services, (ii) value-added services to non-property owners and (iii) community value-added services. Any change in the structure of revenue contribution from the above three main business lines or change in gross profit margin of any business line may have a corresponding impact on its overall gross profit margin.

PROPERTY MANAGEMENT SERVICES

For the year ended 31 December 2023, the Group achieved growth in contracted GFA and GFA under management through its strong presence in the Western Straits Region and Yangtze River Delta Region. The Group has also rapidly expanded to the economic regions in China other than the Western Straits Region and Yangtze River Delta Region, which primarily include, among others, the following municipalities and cities, namely Tianjin, Chengdu, Chongqing, Pu'er, Taiyuan, Qingdao, Jiujiang, Nanchang, Changsha, Zhengzhou, Cangzhou, Baise, Hechi, Hezhou, Wuzhou, Jiangmen, Guangzhou, Fuyang, Qinzhou, Dezhou and Lanzhou in the PRC market. As of 31 December 2023, the Group had 230 projects under its management and 34 projects of which the Group was contracted to manage but not yet delivered, covering 68 cities with a total GFA under management of approximately 34.7 million sq.m. and a total contracted GFA of approximately 40.4 million sq.m.

As at 31 December 2023, the Group's contracted GFA amounted to approximately 40.4 million sq.m., and the number of contracted projects was 264 in total, representing a decrease of approximately 11.8% and 5.7%, respectively, compared with those as of 31 December 2022. For the year ended 31 December 2023, revenue generating GFA under management by the Group reached approximately 34.7 million sq.m., and the number of projects under management was 230, representing an increase of approximately 3.0% and 7.5%, respectively, compared with those as of 31 December 2022.

The average property management fee of the Group for the Reporting Period amounted to RMB3.2 per sq.m., remaining unchanged compared to RMB3.2 per sq.m. for the corresponding period in 2022.

The table below indicates the movement in the Group's contracted GFA and GFA under management for the years ended 31 December 2023 and 2022 respectively:

	For the year ended 31 December 2023		For the year ended 31 December 2022	
	Contracted GFA ('000 sq.m.)	**GFA under management ('000 sq.m.)**	Contracted GFA ('000 sq.m.)	GFA under management ('000 sq.m.)
As of the beginning of the period	**45,848**	**33,707**	44,573	28,879
(Withdrawals)/new engagements	**(5,417)**	**1,003**	1,275	4,828
As of the end of the period	**40,431**	**34,710**	45,848	33,707

GEOGRAPHIC PRESENCE OF THE GROUP

As at 31 December 2023, the Group had expanded its geographic presence to 68 cities in China.

The table below sets forth a breakdown of the Group's total GFA under management and total revenue generated from property management services by geographic location for the years ended 31 December 2023 and 2022 respectively:

	For year ended 31 December 2023			For the year ended 31 December 2022		
	GFA ('000 sq.m.)	Revenue (RMB'000)	%	GFA ('000 sq.m.)	Revenue (RMB'000)	%
The Western Straits Region	**15,384**	**390,200**	**54.8%**	17,007	380,764	62.7%
The Yangtze River Delta Region	**10,738**	**240,185**	**33.7%**	8,783	180,799	29.8%
Other Regions	**8,588**	**82,283**	**11.5%**	7,917	45,902	7.5%
	34,710	**712,668**	**100%**	33,707	607,615	100%

VALUE-ADDED SERVICES TO NON-PROPERTY OWNERS

The Group provides a series of value-added services to non-property owners, which primarily include property developers. The Group's value-added services to non-property owners primarily consist of (i) sales assistance services; (ii) preliminary planning, design consultancy and pre-delivery services; and (iii) driving and vehicle dispatching and managing services, under which it provides drivers and related car management services to its customers on an on-demand basis according to the terms of relevant agreements.

The table below sets forth a breakdown of the Group's revenue generated from its value-added services to non-property owners for the period indicated:

	For the year ended			
	31 December 2023		31 December 2022	
	RMB'000	%	RMB'000	%
Sales assistance services	**28,285**	**22.5%**	104,035	47.0%
Preliminary planning, design consultancy and pre-delivery services	**35,887**	**28.5%**	51,910	23.4%
Driving and vehicle dispatching and managing services	**61,724**	**49.0%**	65,713	15.4%
Total	**125,896**	**100%**	221,658	100%

COMMUNITY VALUE-ADDED SERVICES

The Group provides a wide range of community value-added services to property owners and residents. The Group's community value-added services primarily consist of (i) community shopping services ("**Joyful Life Service**") (和美生活); (ii) decoration and furnishing services and home maintenance services ("**Joyful Living Service**") (和美易居); (iii) property agency services ("**Joyful Leasing and Sale Service**") (和美租售); and (iv) ancillary services for common areas, which primarily include advertising in and rental of common areas of residential properties under the Group's management.

For the year ended 31 December 2023, the revenue from community value-added services increased by 31.7% to approximately RMB62.6 million compared to approximately RMB47.6 million in the same period of 2022, mainly due to the increase in revenue from Joyful Living Service (和美易居). For the year ended 31 December 2023, the revenue from community value-added services accounted for 6.9% of total revenue.

The following table sets forth the revenue breakdown of community value-added services for the years ended 31 December 2023 and 2022:

	For the year ended			
	31 December 2023		31 December 2022	
	RMB'000	**%**	RMB'000	%
Joyful Life Service (和美生活)(1)	**16,942**	**27.1%**	18,012	37.9%
Joyful Living Service (和美易居)(2)	**26,924**	**43.0%**	5,347	11.2%
Joyful Leasing and Sale Service (和美租售)(3)	**1,397**	**2.2%**	15,862	33.3%
Ancillary services for common areas(4)	**17,360**	**27.7%**	8,346	17.6%
Total	**62,623**	**100%**	47,567	100%

Notes:

(1) Through Joyful Life Service (和美生活), the Group mainly provides community shopping services to property owners and residents of the properties under the Group's management. The majority portion of the Group's community shopping services is the offline community shopping services, under which the Group mainly sells popular products for selected festivities to property owners and/or residents at designated locations at residential properties under its management. The products generally include gift baskets, mooncakes and other popular gifts that suit the property owners and/or residents' festive shopping needs.

(2) Through Joyful Living Service (和美易居), the Group mainly provides decoration work such as building balcony enclosures for property owners of the residential properties under its management. The Group generally provides such services through sub-contractors and charge a fixed amount fee for the work as agreed between the property owners and the Group. In addition, the Group also provides a referral service to introduce property owners and/or residents to qualified contractors for other decoration work and charge a fixed fee for each successful introduction that results in an agreement between contractors and the property owner or resident regarding the agreed work. For the furnishing services, the Group may purchase interior decorations, home appliances and accessories according to the property owners' or residents' preferences and budgets.

(3) The Joyful Leasing and Sale Service (和美租售) includes property agency services under which the Group assists property owners in search for buyers or tenants, marketing and liaising with potential buyers and tenants. Typically, once the potential buyer or tenant reaches an agreement with respect to the sale or lease of the property with the property owner, the Group would help guide the property owner to complete the transaction.

(4) The Group provides ancillary services for common areas, which mainly include advertising in and rental of common areas of the properties under the Group's management.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2023, the Group derived its revenue from (i) property management services, (ii) value-added services to non-property owners and (iii) community value-added services. The following table sets forth the details of the Group's revenue recognised from such sources for the period indicated:

	For the year ended 31 December		Change in percentage
	2023	2022	
	RMB'000	RMB'000	
Revenue			
Property management services	**712,668**	607,615	17.3%
Value-added services to non-property owners	**125,896**	221,658	-43.2%
Community value-added services	**62,623**	47,567	31.7%
Total	**901,187**	876,840	2.8%

The revenue of the Group increased by approximately 2.8% from approximately RMB876.8 million for the year ended 31 December 2022 to approximately RMB901.2 million for the year ended 31 December 2023. This increase was mainly attributable to:

(i) the increase in newly delivered projects, which resulted in the increase in revenue from property management services; and

(ii) the expansion of home services, which resulted in the increase in revenue from community value-added services.

Cost of sales

The Group's cost of sales primarily included employee benefit expenses, greening and cleaning expenses, maintenance costs, security personnel expenses, office expenses, taxes and other levies, lease payments on short-term leases, depreciation and amortization charges and others.

During the Reporting Period, the cost of sales of the Group increased by approximately 3.5% from approximately RMB703.9 million for the year ended 31 December 2022 to approximately RMB728.8 million for the year ended 31 December 2023.

Gross profit and gross profit margin

As a result of the foregoing, the Group's gross profit decreased by approximately 3.0% from approximately RMB172.9 million for the year ended 31 December 2022 to approximately RMB172.4 million for the year ended 31 December 2023.

The Group's gross profit margin decreased from approximately 19.7% for the year ended 31 December 2022 to approximately 19.1% for the year ended 31 December 2023. The gross profit margin of the Group by business line is as follows:

	For the year ended 31 December	
	2023	2022
	%	%
Property management services	**21.0**	23.1
Value-added services to non-property owners	**7.8**	8.0
Community value-added services	**20.3**	31.2
Overall gross profit margin	**19.1**	19.7

Other income

During the Reporting Period, the Group's other income primarily included (i) additional deduction of value-added input tax, and (ii) government grants, which were mainly comprised of government subsidies for creating jobs to support local economies. The Group's other income decreased by approximately 53.9% from approximately RMB6.0 million for the year ended 31 December 2022 to approximately RMB2.8 million for the year ended 31 December 2023.

Other gains or losses

The Group's other gains or losses primarily consisted of (i) gains from forfeited deposits from tenants of non-residential properties, and (ii) others.

The Group's other gains or losses changed from net gains of approximately RMB0.6 million for the year ended 31 December 2022 to net gains of approximately RMB1.3 million for the year ended 31 December 2023.

Selling and marketing costs

The Group's selling and marketing costs mainly included (i) advertising expenses, which were primarily costs for advertising and marketing activities to promote the brands of the Group, (ii) marketing and sales employee benefit expenses relating to sales and marketing activities, and (iii) others, which mainly included traveling and entertainment expenses.

The Group's selling and marketing costs decreased by approximately 45.7% from approximately RMB7.2 million for the year ended 31 December 2022 to approximately RMB3.9 million for the year ended 31 December 2023, primarily due to the decrease in marketing activities.

Administrative expenses

The Group's administrative expenses primarily consisted of (i) employee benefit expenses for the Group's administrative staff, (ii) office expenses, (iii) travelling and entertainment expenses, (iv) depreciation and amortization charges, (v) consultancy fee for research on the Group's market positioning, (vi) lease payments on short term leases, and (vii) others, which mainly included amortization of low-value consumables, expenses for insurance and training.

The Group's administrative expenses decreased by approximately 18.4% from approximately RMB90.9 million for the year ended 31 December 2022 to approximately RMB74.2 million for the year ended 31 December 2023, primarily due to the implementation of costs control measures by the Company.

Finance (Cost)/Income – net

The Group's net finance (cost)/income mainly included interest income from bank deposits and interest expense from lease liabilities.

Finance costs decreased by approximately 50.9% from approximately RMB0.3 million for the year ended 31 December 2022 to RMB0.1 million for the year ended 31 December 2023.

Finance income decreased by approximately 40.3% from RMB2.3 million for the year ended 31 December 2022 to approximately RMB1.3 million for the year ended 31 December 2023, mainly due to the decrease in interest income.

Profit before income tax expenses

As a result of the aforementioned changes in the Group's financials, the Group's profit before income tax decreased by approximately 37.4% from approximately RMB26.8 million for the year ended 31 December 2022 to approximately RMB16.7 million for the year ended 31 December 2023.

Income tax expenses

The Group's income tax expenses consist of current and deferred tax expenses in the PRC by the Company and its subsidiaries. Income tax expenses comprise provisions made for EIT (including deferred income tax) in the PRC.

The Group's income tax expenses decreased by approximately 27.2% from approximately RMB8.4 million for the year ended 31 December 2022 to approximately RMB6.1 million for the year ended 31 December 2023.

The effective income tax rate of the Group for the year ended 31 December 2023 was 36%, compared to 31% for the year ended 31 December 2022. Effective income tax was calculated based on EIT divided by profit before income tax (excluding the share of net profit of investments accounted for using the equity method and land appreciation tax).

Profit for the period attributable to owners of the Company

As a result of the aforementioned changes in the Group's financials, the Group's profit for the period attributable to owners of the Company decreased by approximately 31.4% from approximately RMB15.5 million for the year ended 31 December 2022 to approximately RMB10.7 million for the year ended 31 December 2023.

Profit for the period attributable to non-controlling interests

Profit for the period attributable to non-controlling interests of the Group decreased by approximately 100% from approximately RMB2.9 million for the year ended 31 December 2022 to approximately RMB nil for the year ended 31 December 2023.

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

As at 31 December 2023, the Group's trade receivables amounted to approximately RMB339.1 million, representing an increase of approximately RMB21.7 million or approximately 6.8% compared with approximately RMB317.4 million as of 31 December 2022. The increase was mainly due to the increase in receivables from third parties.

Trade payables

Trade payables primarily represent the Group's obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers, including purchases of materials and utilities and purchases from subcontractors. The Group typically pays its suppliers on a monthly payment term.

As at 31 December 2023, the Group's trade payables amounted to approximately RMB182.8 million, representing an increase of approximately 24.9% from approximately RMB146.3 million as of 31 December 2022. The increase was mainly due to the increase in external business with a long settlement period.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2023, the Group's net current assets amounted to approximately RMB660.1 million (31 December 2022: approximately RMB670.6 million). Specifically, the Group's total current assets increased by approximately 6.8% from approximately RMB1,163.8 million as at 31 December 2022 to approximately RMB1,243.4 million as at 31 December 2023. The Group's total current liabilities increased by 18.3% from approximately RMB493.2 million as at 31 December 2022 to approximately RMB583.3 million as at 31 December 2023. The increase in the Group's total current assets was primarily attributable to the increase in trade and other receivables.

As at 31 December 2023, the Group had cash and bank balances of approximately RMB751.8 million (31 December 2022: approximately RMB724.1 million), with no borrowings (31 December 2022: nil).

CONTINGENT LIABILITIES

As at 31 December 2023, the Group did not have any material contingent liabilities (31 December 2022: nil).

KEY FINANCIAL RATIOS

Current ratio

As at 31 December 2023, the current ratio of the Group was 2.1 times (31 December 2022: 2.4 times). The Group's current ratio remained relatively stable. The current ratio is calculated as current assets divided by current liabilities as of the same date.

Gearing ratio

As at 31 December 2023, the gearing ratio of the Group was 0.7% (31 December 2022: 0.8%), mainly due to the decrease in total equity. The gearing ratio is calculated as total interest-bearing borrowings, including lease liabilities, divided by total equity as of the end of the relevant year/period and multiplied by 100%.

FOREIGN CURRENCY RISK

The Group primarily operates its business in the PRC. The currency in which the Group denominates and settles substantially all of its transactions is Renminbi. Any depreciation of Renminbi would adversely affect the value of any dividends the Group pay to shareholders of the Company outside of the PRC. The Group currently does not engage in hedging activities designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.

PLEDGE OF ASSETS

As at 31 December 2023, none of the assets of the Group were pledged.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2023, the Group employed a total of 5,342 full-time employees (31 December 2022: 4,620 full-time employees). For the year ended 31 December 2023, the staff cost recognised as expenses of the Group amounted to approximately RMB404.4 million (2022: RMB438.8 million).

The remuneration policy of the Group is to provide remuneration packages including salary, bonus and various allowances, so as to attract and retain top quality staff. In general, the Group determines employee salaries based on each employee's qualification, position and seniority. The Group has designed a periodical review system to assess the performance of its employees, which forms the basis of the determination on salary raise, bonus and promotion. As required by PRC regulations, the Group makes contributions to mandatory social security funds for the benefit of the Group's PRC employees that provide for pension insurance, medical insurance, unemployment insurance, personal injury insurance, maternity insurance and housing funds.

Furthermore, the Group has implemented systematic, specialty-focused vocational training programs for its employees at different levels on a regular basis to meet different requirements and emphasise individual initiatives and responsibilities. The Group believes that these initiatives have contributed to increased employee productivity.

The Group's employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. During the year ended 31 December 2023, no labor dispute had occurred which materially and adversely affected or was likely to have a material and adverse effect on the operations of the Group.

NET PROCEEDS FROM THE INITIAL PUBLIC OFFERING

The Company's shares were listed on the Stock Exchange on 16 July 2021. The net proceeds from the Listing (including the partial exercise of the over-allotment option), after deducting the underwriting commission and other estimated expenses in connection with the Listing which the Company received amounted to approximately HK$628.5 million (the "**Net Proceeds**"). Further details of the breakdown and implementation plans of the Net Proceeds are set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

As set out in the announcement of the Company dated 30 August 2023, the Board resolved to re-allocate the amount of HK$515.5 million being the unutilised net proceeds as at 30 August 2023 (the "**Re-allocation**"). As of 31 December 2023, approximately HK$133.6 million of the Net Proceeds had been utilised by the Group in accordance with the intended purposes stated in the announcement dated 30 August 2023, and the unused Net Proceeds was held by way of bank deposits.

Save as disclosed above, as of the date of this annual report, there was no any other material change to the planned use of proceeds.

The following table sets forth the breakdown of the utilization and proposed utilization of the Net Proceeds as of 31 December 2023:

Purpose	Intended use of Net Proceeds subsequent to re-allocation HK$ million	Approximate percentage of Net Proceeds subsequent to re-allocation % of the total amount	Net Proceeds unutilised subsequent to re-allocation HK$ million	Net Proceeds utilised during the year ended 31 December 2023 HK$ million	Total Net Proceeds utilised as of 31 December 2023 HK$ million	Net Proceeds unutilised as of 31 December 2023 HK$ million	Expected timeframe for full utilisation of the Net Proceeds
(i) Pursue selective strategic investment and acquisition opportunities	158.0	25.1%	158.0	0.0	0.0	158.0	On or before 31 December 2026
(ii) Diversifying the Group's project portfolio and value-added services	206.1	32.8%	165.0	17.9	46.6	159.5	On or before 31 December 2026
(iii) Developing and upgrading hardware and software used in the Group's operations	130.9	20.8%	111.1	10.4	26.8	104.1	On or before 31 December 2026
(iv) Further developing the Group's property management services provided to high-end properties under ROYEEDS	58.0	9.3%	46.2	6.7	16.5	41.5	On or before 31 December 2026
(v) General business operations and working capital	75.5	12.0%	35.2	6.8	43.7	31.8	On or before 31 December 2026
Total	**628.5**	**100%**	**515.5**	**41.8**	**133.6**	**494.9**	

EXECUTIVE DIRECTORS

Mr. Ou Guofei (歐國飛), aged 31, was appointed as an executive Director and the chairman of the Board on 12 September 2023. Mr. Ou has successively assumed various roles, including as the general manager of the capital center and the general manager of the marketing management center of Ronshine China since July 2015. He is currently the group assistant president of Ronshine China and president of the Shanghai-Jiangsu regional company, and he has a bachelor's degree in economics. He has extensive experience in real estate investment, development and business operation management. He is the son of Mr. Ou Zonghong, one of the controlling Shareholders.

Mr. Ma Xianghong (馬祥宏), aged 50, was appointed as our executive Director on 22 September 2020. Mr. Ma joined our Group on 8 October 2016 and has been serving as our chief executive officer since then. Mr. Ma is primarily responsible for our overall business operations and management, and execution of the decisions of the Board. Mr. Ma has approximately 22 years of management experience in the PRC real estate and property management services industries. Prior to joining our Group, from July 1993 to August 1999, Mr. Ma taught at Dianzi high school in Shiyan, Hubei Province, where he served as a director and vice principal. From September 1999 to September 2016, Mr. Ma held various positions at Gemdale Corporation (金地(集團)股份有限公司), a property development and property management company listed on the Shanghai Stock Exchange (stock code: 600383), where he last served as the assistant general manager of the property group and the general manager of its building engineering company, and was primarily responsible for property management, intelligent engineering and other related business.

Mr. Ma obtained a bachelor's degree in Chinese language and literature from Hubei University (湖北大學) in the PRC in June 2001, and a master's degree of business administration from The Hong Kong Polytechnic University (香港理工大學) in Hong Kong in October 2014.

Ms. Lin Yi (林怡), aged 51, was appointed as our executive Director on 22 September 2020. Ms. Lin joined our Group on 10 June 2014 and was promoted to chief financial officer and general manager of financial capital management center in December 2019. Ms. Lin is primarily responsible for the financial management and the internal control of our Group. She has over 26 years of experience in financial operation and management. Prior to joining our Group, from March 1990 to June 2014, Ms. Lin held various positions at Fujian Tongchun Pharmaceutical Co., Ltd (福建同春藥業股份有限公司), a company engaged in the manufacturing of medicine, medical supplies and health products, where she successively served as the deputy general manager of financial management and investment development department and a deputy general manager of its operation and management department, and was primarily responsible for the overall management of the department and accumulated extensive operation management experience.

Ms. Lin obtained an associate's degree in financial accounting from The Open University of Fujian (福建廣播電視大學) in the PRC in July 1995, and a bachelor's degree in human resources management from Fujian Agriculture and Forestry University (福建農林大學) in the PRC in June 2009. She was qualified as an Intermediate Accountant (中級會計師) by the Ministry of Finance (財政部) of the PRC in December 1996.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ye Azhong (葉阿忠), aged 60, was appointed as an independent non-executive Director on 10 June 2021. He is primarily responsible for providing independent advice on the operations and management of our Group. Mr. Ye has over 31 years of experience in the research and teaching of economics. Since June 1988, Mr. Ye has been working at Fuzhou University (福州大學), and is currently serving as a professor at the university. He was a visiting scholar at Fudan University (復旦大學) from May 2002 to January 2003.

Mr. Ye obtained a bachelor's degree in mathematics in October 1984, and a master's degree in mathematical statistics in June 1988, both from Nankai University (南開大學) in the PRC. He obtained a doctor's degree in quantitative economics from Tsinghua University (清華大學) in the PRC in January 2002. Mr. Ye was qualified as a Professor of Economics (經濟學專業教授) in July 2003 by the Department of Personnel of Fujian Province (福建省人事廳).

Mr. Chen Zhangwang (陳章旺), aged 58, was appointed as an independent non-executive Director on 10 June 2021. He is primarily responsible for providing independent advice on the operations and management of our Group. Mr. Chen has over 35 years of experience in the research and teaching of economics. Since July 1986, Mr. Chen has been working at Fuzhou University (福州大學), and is currently serving as a professor at the university.

From December 2013 to December 2019, Mr. Chen served as an independent director at CEEPOWER Co., Ltd. (中能電氣股份有限公司), a power equipment and solution provider listed on the Shenzhen Stock Exchange GEM (stock code: 300062). Mr. Chen obtained a bachelor's degree in business enterprise management from Hangzhou College of Commerce (杭州商學院) (now known as Zhejiang Gongshang University (浙江工商大學)) in the PRC in July 1986, and a master's degree in business administration from The Open University of Hong Kong (香港公開大學) (currently known as the Hong Kong Metropolitan University (香港都會大學)) in Hong Kong in December 2000.

Mr. Kin Kwong Kwok Gary (郭建江), aged 47, is currently an independent non-executive Director and the chairman of the audit committee. Mr. Kwok joined the Group in June 2021. Mr. Kwok is a member of the Hong Kong Institute of Certified Public Accountants with a bachelor degree of professional accountancy from the Chinese University of Hong Kong. Mr. Kwok served as the Chief Financial Officer of a Hong Kong-based apparel company from December 2020 to November 2021. Mr. Kwok was CFO of Changyou Alliance Group Limited (Stock Exchange Stock Code: 1039) from January 2020 to November 2020, and was CFO of YinYi Holdings (Hong Kong) Limited, from September 2018 to January 2020. From May 2019 to January 2020, he was the joint company secretary of Dafa Properties Group Limited (Stock Exchange Stock Code: 6111). Since May 2017, Mr. Kwok has been an independent non-executive Director, the chairman of audit committee and a member of the risk control committee by Sichuan Energy Investment Development Co., Ltd. (Stock Exchange Stock Code: 1713).

JOINT COMPANY SECRETARIES

Ms. Lin Yi (林怡), an executive Director of the Company, was appointed as one of the joint company secretaries on 22 September 2020. For biographical details of Ms. Lin, please refer to "Executive Directors – Ms. Li Yi (林怡)" in this section.

Ms. Lee Angel Pui Shan (李謝佩珊), was appointed as one of the joint company secretaries on 3 March 2022. Ms. Lee is a corporate secretarial executive of SWCS Corporate Services Group (Hong Kong) Limited ("**SWCS**") and has extensive company secretarial professional experience. Ms. Lee holds a bachelor's degree in accounting. She is a certified public accountant of The Hong Kong Institute of Certified Public Accountants, and an associate member of The Chartered Governance Institute in the United Kingdom and The Hong Kong Chartered Governance Institute. Before joining SWCS, she worked for Ernst & Young (Hong Kong and Beijing), participated in a number of Chinese overseas listings, and was also responsible for many internal control projects to meet the requirements of Hong Kong and overseas listings.

SENIOR MANAGEMENT

Mr. Ma Xianghong (馬祥宏), joined our Group on 8 October 2016 and has been serving as our chief executive officer since then. For biographical details of Mr. Ma, please refer to "Executive Directors – Mr. Ma Xianghong (馬祥宏)" in this section.

Ms. Lin Yi (林怡), was promoted to chief financial officer and general manager of financial capital management center in December 2019. For biographical details of Ms. Lin, please refer to "Executive Directors – Ms. Li Yi (林怡)" in this section.

Mr. Chen Liang (陳梁), aged 50, was appointed as the vice president of the Company on 4 March 2021. He is responsible for the operation management of Sichuan and Henan regions. Mr. Chen has extensive experience in management. From May 2006 to December 2014, Mr. Chen served as the general manager of Henan Zhengxin Property Management Co., Ltd. (河南正信物業管理有限公司), where he was responsible for related property management. From March 2014 to August 2016, Mr. Chen served as the manager of the development department of Greentown Property Management Co., Ltd. (綠城物業管理有限公司), where he was responsible for related property management.

Mr. Chen obtained a bachelor's degree in business administration from Henan University (河南大學) in June 1995.

In May 2006, Mr. Chen obtained the National Property Management Manager Certificate (全國物業管理企業經理證) jointly issued by the Personnel Education Department of the Ministry of Construction (建設部人事教育司) and the Housing and Real Estate Department of the Ministry of Construction (建設部住宅與房地產業司). In July 2011, he obtained the Property Manager Certificate (物業管理師證) jointly issued by the Ministry of Human Resources and Social Security of the People's Republic of China (中華人民共和國人力資源和社會保障部) and the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部). In March 2013, he obtained the Certified Property Manager Certificate (註冊物業管理師證) issued by the Ministry of Housing and Urban-Rural Development of the PRC.

Mr. Liu Qifeng (劉祺峰), aged 38, was appointed as the vice president of the Company in August 2022. He is responsible for the operation management of Zhejiang and Jiangxi regions. Mr. Liu has extensive experience in management. From April 2008 to February 2012, Mr. Liu served as the head of the project engineering, reporting and development department in the Yincheng Real Estate Nanjing Company (銀城地產南京公司), where he was responsible for the management and the application for approval and construction of civil engineering construction. From February 2012 to March 2018, Mr. Liu served as the head of the customer service line of East China Region of the China Resources Land Limited (華潤置地華東區域公司), where he was responsible for customer service management, house repair management and product quality control. From March 2018 to June 2021, Mr. Liu served as the head of customer relationship and the general manager of remaining projects of Ronshine Fujian Regional Group (融信福建區域集團), where he was responsible for coordinating the customer relationship management of over 40 projects in Fujian Region. From June 2021 to July 2022, Mr. Liu served as the head of the customer relationship centre of Ronshine China Group, where he was responsible for the overall management of the group's customer relationship.

Mr. Liu obtained a bachelor's degree in environmental engineering in water supply and drainage from Hohai University (河海大學) in July 2008. Mr. Liu also holds a Class B constructor license (二級建造師資格證書).

Mr. Wu Jianyong (伍建勇), aged 39, was appointed as the assistant president of the Company on 18 November 2021. He is responsible for the operation management of Northern Fujian region. Mr. Wu has extensive experience in management. From November 2013 to March 2016, Mr. Wu served as the regional head of Longfor Property Xiamen Branch (龍湖物業廈門分公司), where he was responsible for regional management. From March 2016 to October 2017, Mr. Wu served as the deputy general manager of Fuzhou Tahoe Property Management Co., Ltd. (福州泰禾物業管理有限公司), where he was responsible for daily operation and management.

Mr. Wu obtained a bachelor's degree in law from Minjiang University (閩江大學) in January 2010.

Mr. Wu obtained the Property Department Manager Certificate (物業部門經理證書) issued by the Fujian Housing and Construction Department (福建省住房和城鄉建設廳) in August 2010.

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

CULTURE AND VALUES

Enterprise Culture

Wish of the Enterprise	Mission of the Enterprise	Managing Ideal	Service Ideal	Talent Ideal
Becoming the most reliable cooperative partner of the clients	**Let service create value**	**Positive thought, heading together, progressive, all-win**	**Diligence satisfies you, and efforts move you**	**Talent is the first productive power. Owing both moral ethics and the talents, with the former put priority. The talents are selected from all around the globe**
Considerate quality for winning reliance Mutualistic living and sharing for seeking development	Make happiness for clients Create platform for Staff Crete benefits for shareholders Create happiness for the society	Keep the positive mind and walk on the right path Keeping the same heart and moral ethnics and joining hands for heading Progressive and innovation-driven Treating by honesty and cooperation for all win	Devote heart and soul dealing with every tiny matter to satisfy clients Multiple efforts to delve into every detail to move clients	Talents are the most valuable fortune of an enterprise. The heroes are not asked where they come from. Excellent talents must possess good moral ethics and outstanding abilities. Put moral ethics first

CORPORATE GOVERNANCE PRACTICES

The Group is committed to achieving high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code in force from time to time as the basis of the Company's corporate governance practices. Unless otherwise stated, reference made in this corporate governance report in relation to the Corporate Governance Code is referred to the provisions in force during the year ended 31 December 2023 and as at 31 December 2023.

For the year ended 31 December 2023 and up to the date of this annual report, so far as the Directors are aware, the Company has complied with all the applicable code provisions set out in the Corporate Governance Code.

THE BOARD

Composition of the Board

The Board currently comprises six Directors, including three executive Directors and three independent non-executive Directors.

Members of the Board

Executive Directors

Mr. Ou Zonghong *(Chairman)* (resigned on 12 September 2023)
Mr. Ou Guofei *(Chairman)* (appointed on 12 September 2023)
Mr. Ma Xianghong *(Chief Executive Officer)*
Ms. Lin Yi

Non-executive Director

Ms. Lin Liqiong (resigned on 12 September 2023)

Independent non-executive Directors

Mr. Ye Azhong
Mr. Chen Zhangwang
Mr. Kwok Kin Kwong Gary

There is no financial, business, family or other relationship between any members of the Board and between the chairman of the Board and the chief executive officer of the Company.

All Directors, including the non-executive Director and the independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. All Directors have carried out duties in good faith and in compliance with applicable laws and regulations and have acted in the interests of the Company and the Shareholders at all time.

The biographical details of the Directors are set out in the section headed "Biographies of Directors and Senior Management" of this annual report.

Responsibilities

The Board is responsible for the overall leadership of the Group, the overseeing of the Group's strategic decisions and the monitoring of business and performance. The Directors have to make decisions objectively in the interests of the Company. The Board has established three Board committees (the "**Board Committees**") including the Audit Committee, the Remuneration Committee and the Nomination Committee. The Board directly, and indirectly through its committees, leads and provides direction to the management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place. The Board delegates to the management authority and responsibility for the Company's daily operations and businesses management according to the Board's instructions. The Board also has delegated to the Board Committees responsibilities as set out in their respective terms and reference.

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

Chairman and Chief Executive Officer

Code provision C.2.1 of the Corporate Governance Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Mr. Ou Zonghong was the chairman of the Board until 12 September 2023. Mr. Ou Guofei assumed the role as chairman of the Board with effect from 12 September 2023, and Mr. Ma Xianghong is the chief executive officer of the Company throughout the year ended 31 December 2023. The division of responsibilities between the chairman of the Board and the chief executive officer of the Company are clearly divided to ensure a balance of power and authority and to reinforce their independence and accountability. The chairman of the Board provides leadership for the Board. He is responsible for ensuring that all Directors are properly briefed on issues arising at Board meetings; Directors receive, in a timely manner, adequate information which is complete and reliable; and the Board works effectively and performs its responsibilities. He encourages Directors to make a full and active contribution to the Board's affairs and take the lead to ensure that the Board acts in the best interests of the Company. The chief executive officer of the Company is responsible for the daily operation of the Group and leading the management of the Group.

Independent Non-executive Directors

During the Reporting Period, the Company has three independent non-executive Directors in compliance with Rules 3.10(1) and 3.10(2) of the Listing Rules, with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise.

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

The Company has received a confirmation of independence from each of the independent non-executive Directors pursuant to the factors set out in Rule 3.13 of the Listing Rules. Based on the confirmations of the independent non-executive Directors, the Company considers each of them to be independent during the Reporting Period.

Appointment and Re-election of Directors

The code provision B.2.2 of the Corporate Governance Code stipulates that all directors, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

The procedures and process of appointment, re-election and removal of Directors are laid down in the Articles of Association.

Each of the executive Directors initially entered into a service contract with the Company for a term of three years commencing from 22 September 2020, and upon expiration, each of them has renewed their respective service contracts for a term of three years commencing from 21 September 2023, which may be terminated by not less than three calendar months' notice in writing served by either party on the other.

Each of the independent non-executive Directors has entered into an appointment letter with the Company for a term of three years commencing from the 10 June 2021, which may be terminated by not less than three calendar months' notice in writing served by either party on the other.

Directors' Training and Continuous Professional Development

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

Each newly appointed Director has been provided with necessary induction and information to ensure that he or she has a proper understanding of the Company's operations and businesses as well as his responsibilities under relevant statues, laws, rules and regulations. In addition, all the Directors have been updated with the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. Continuous briefing and professional development to Directors will also be arranged whenever necessary.

Based on the information provided by the Directors, the Directors participated in the following trainings during the year ended 31 December 2023:

Directors	Type of training (Note 1)	Subject of training (Note 2)
Executive Directors		
Mr. Ou Zonghong (resigned on 12 September 2023)	1, 2	A, B
Mr. Ou Guofei (appointed on 12 September 2023)	1, 2	A, B
Mr. Ma Xianghong	1, 2	A, B
Ms. Lin Yi	1, 2	A, B
Non-executive Director		
Ms. Lin Liqiong (resigned on 12 September 2023)	1, 2	A, B
Independent Non-executive Directors		
Mr. Ye Azhong	1, 2	A, B
Mr. Chen Zhangwang	1, 2	A, B
Mr. Kwok Kin Kwong Gary	1, 2	A, B

Note 1:

1. Attending in-house briefings/trainings, seminars, conferences or forums

2. Reading newspapers, journals and updates

Note 2:

A. Businesses related to the Company

B. Laws, rules and regulations, accounting standards

Directors' Responsibility on Financial Statements

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

The Directors are responsible for overseeing the preparation of financial statements of the Company with a view of ensuring that such financial statements give a true and fair view of the state of affairs of the Group and relevant statutory and regulatory requirements and applicable accounting standards are complied with.

As at 31 December 2023, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt on the Group's ability to continue as a going concern.

The responsibility of the external auditor is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the Shareholders. The statements by external auditor, Elite Partners CPA Limited ("**Elite Partners**"), about their reporting responsibility on the consolidated financial statements of the Group are set out in the independent auditor's report in this annual report.

Directors Appointed during the Reporting Period

During the year ended 31 December 2023, Mr. Ou Guofei was appointed as executive Director with effect from 12 September 2023. He executed the then applicable form B Declaration and Undertaking with regard to Directors, and he understood his obligations as a director of a listed issuer under the Listing Rules.

Board Meetings and General Meeting

Code provision C.5.1 of the Corporate Governance Code prescribes that at least four regular Board meetings should be held in each year at approximately quarterly intervals with active participation of majority of directors, either in person or through electronic means of communication.

During the year ended 31 December 2023, two general meetings and four Board meetings were held. The attendance record of the Board of Directors for such Board meetings and general meetings is set out in the table below:

Directors	Number of Board meetings attended/ Number of Board meetings held during his/her term of office	Number of General meetings attended/ Number of General meetings held during his/her term of office
Executive Directors		
Mr. Ou Zonghong (resigned on 12 September 2023)	3/3	2/2
Mr. Ou Guofei (appointed on 12 September 2023)	1/1	0/0
Mr. Ma Xianghong	4/4	2/2
Ms. Lin Yi	4/4	2/2
Non-executive Director		
Ms. Lin Liqiong (resigned on 12 September 2023)	4/4	2/2
Independent Non-executive Directors		
Mr. Ye Azhong	4/4	2/2
Mr. Chen Zhangwang	4/4	2/2
Mr. Kwok Kin Kwong Gary	4/4	2/2

The Company has adopted the practice of holding Board meetings regularly. Notice of not less than 14 days is given for all regular Board meetings to provide all Directors with the opportunity to attend and include matters in the agenda. For other committee meetings, 14 days' notice is given. The agenda and accompanying board papers are despatched to the Directors or committee members at least three days before meetings to ensure that they have sufficient time to review these documents and be adequately prepared. When Directors or committee members are unable to attend a meeting, they are advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting.

Minutes of the Board meetings and Board Committee meetings are recorded in sufficient detail about the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors/Board Committee members. Draft and final versions of the minutes of each Board meeting and Board Committee meeting are sent to the Directors/Board Committee members for comments and records respectively within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by Directors. All Directors shall obtain information related to the Board resolutions in a comprehensive and timely manner. Any Director can seek independent professional advice at the Company's expense after making reasonable request to the Board.

During the year ended 31 December 2023, the Company had in place the following mechanism to ensure that independent views and input are available to the Board:

(i) maintaining a sufficient number of three independent non-executive Directors representing not less than one-third of the Board and all of them continue to devote adequate amount of time to the Company;

(ii) all the independent non-executive Directors share their views and opinions through regular quarterly meetings with members of the senior management;

(iii) arranging an annual meeting between the chairman of the Board and all the independent non-executive Directors without the presence of other Directors to provide an effective platform for the chairman of the Board to listen to independent views on various issues concerning the Group; and

(iv) arranging for site visits upon request from independent non-executive Directors from time to time to enhance their understanding of the Company's new and current projects.

The Board has reviewed and considered that the above-mentioned mechanism is effective in ensuring that independent views and input are available to the Board during the year ended 31 December 2023.

BOARD COMMITTEES

The Company has established the Audit Committee, the Remuneration Committee and the Nomination Committee. Each of these committees has specific written terms of reference which deal clearly with their authority and duties. The chairmen of these committees will report their findings and recommendations to the Board after each meeting.

Audit Committee

The Board has established the Audit Committee with written terms of reference in compliance with the Corporate Governance Code. The terms of reference of the Audit Committee has been uploaded to the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rxswy.com).

The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control systems of the Group, oversee the audit process, provide advice and comments to the Board and perform other duties and responsibilities as may be assigned by the Board. The Audit Committee currently consists of three members, namely Mr. Kwok Kin Kwong Gary, Mr. Chen Zhangwang and Mr. Ye Azhong, each of whom is an independent non-executive Director. The chairman of the Audit Committee is Mr. Kwok Kin Kwong Gary, who possesses appropriate professional qualifications and being a member of Hong Kong Institute of Certified Public Accountants since February 2005.

During the year ended 31 December 2023, the Company adopted a whistleblowing policy in order to allow its employees to raise concerns, in confidence, with the Audit Committee about possible improprieties related to the Company or to report alleged malpractices or misconduct pertaining to the Company. The Audit Committee has the overall responsibility of the policy such as monitoring and reviewing the operation of the policy and providing recommendations for action resulting from the investigations.

During the year ended 31 December 2023, the Audit Committee convened two meetings and the attendance record of these meetings is set out in the table below:

Directors	Number of meetings attended/number of meeting held during the tenure of office
Mr. Ye Azhong	2/2
Mr. Chen Zhangwang	2/2
Mr. Kwok Kin Kwong Gary	2/2

At the above meetings, members of the Audit Committee have reviewed the audited annual results of the Group for the year ended 31 December 2022 and the unaudited interim results of the Group for the six months ended 30 June 2023. The Audit Committee have also reviewed the significant issues on the financial reporting and compliance procedures, internal control and risk management systems and internal audit function of the Group, connected transactions of the Company, and have discussed with the auditor of the Company about the tasks they performed.

The Audit Committee has reviewed, and has agreed with the auditor of the Company on the annual results of the Group for the year ended 31 December 2023.

The Audit Committee has reviewed the remuneration of the auditor for the year ended 31 December 2023 and has recommended the Board to re-appoint Elite Partners as the auditor of the Company for the year ended 31 December 2023, subject to approval by the Shareholders at the AGM.

The works performed by the Audit Committee during the year ended 31 December 2023 included, among others, the following:

– reviewed the interim and annual consolidated financial statements of the Group;

– reviewed the cash flow projections and monitored the Group's overall financial condition;

– reviewed the appropriateness and effectiveness of the risk management and internal control systems of the Group and made recommendations to the Board on the improvement of the risk management and internal control systems of the Group;

– reviewed the appropriateness and effectiveness of the internal audit function of the Group and made recommendations to the Board on the improvement of the internal audit function of the Group;

– reviewed the adoption of the relevant accounting principles generally accepted and made recommendations to the Board on the adoption of accounting policies; and

– met with external auditor in the absence of executive Directors and senior management to discuss matters in relation to the audit.

Remuneration Committee

The Board established the Remuneration Committee on 10 June 2021 with written terms of reference in compliance with the Corporate Governance Code. The terms of reference of the Remuneration Committee have been uploaded to the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rxswy.com).

The Remuneration Committee currently consists of three members, namely Mr. Chen Zhangwang and Mr. Ye Azhong, independent non-executive Directors, and Mr. Ou Guofei, an executive Director. The chairman of the Remuneration Committee is Mr. Chen Zhangwang. The primary duties of the Remuneration Committee include, among others, (i) establishing, reviewing and providing advices to our Board on our policy and structure concerning remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration; (ii) determining the terms of the specific remuneration package of each Director and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time.

During the year ended 31 December 2023, two meetings of the Remuneration Committee were held for making recommendations to the Board on the remuneration packages of individual Directors and the senior management and assessed the performance of executive Directors. The attendance record of these meetings is set out in the table below:

Directors	Number of meetings attended/number of meeting held during the tenure of office
Mr. Ou Zonghong (resigned on 12 September 2023)	2/2
Mr. Ou Guofei (appointed on 12 September 2023)	0/0
Mr. Ye Azhong	2/2
Mr. Chen Zhangwang	2/2

Nomination Committee

The Board has establish the Nomination Committee on 10 June 2021 with written terms of reference in compliance with the Corporate Governance Code. The terms of reference of the Nomination Committee has been uploaded to the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rxswy.com).

The Nomination Committee currently consists of three members, namely Mr. Ou Guofei, an executive Director, Mr. Chen Zhangwang and Mr. Ye Azhong, independent non-executive Directors. The chairman of the Nomination Committee is Mr. Ou Guofei. The primary duties of the Nomination Committee include, among others, (i) reviewing the structure, size and composition of our Board on a regular basis and making recommendations to our Board regarding any proposed changes to the composition of our Board; (ii) identifying, selecting or making recommendations to our Board on the selection of individuals nominated for directorship, and ensuring the diversity of our Board members; (iii) assessing the independence of our independent non-executive Directors; and (iv) making recommendations to our Board on relevant matters relating to the appointment, reappointment and removal of our Directors and succession planning for our Directors.

The Company has adopted a nomination policy setting out the nomination practice, such as the criteria and procedures for the selection, appointment and re-appointment of the Directors. Under the policy, the Nomination Committee will evaluate potential candidates by considering a number of factors, including but not limited to:

– reputation for integrity;

– accomplishment and experience;

– compliance with legal and regulatory requirements;

– commitment in respect of available time and relevant interest to the Group's business;

– diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service; and

– any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.

Appointment of any proposed candidates to the Board or re-appointment of any existing members of the Board shall be made in accordance with the Articles of Association and other applicable rules and regulations. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at a general meeting.

During the year ended 31 December 2023, two meetings of the Nomination Committee were held and the attendance record of these meetings is set out in the table below:

Directors	Number of meetings attended/number of meeting held during the tenure of office
Mr. Ou Zonghong (resigned on 12 September 2023)	2/2
Mr. Ou Guofei (appointed on 12 September 2023)	0/0
Mr. Ye Azhong	2/2
Mr. Chen Zhangwang	2/2

BOARD DIVERSITY POLICY

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

For the purpose of implementation of the Board Diversity Policy, the following measurable objectives were adopted:

(i) the Company shall comply with the requirements on board composition set out in the Listing Rules from time to time;

(ii) the number of independent non-executive Directors shall be not less than three and one-third of the Board;

(iii) at least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise; and

(iv) at least one Director should be the professional or have intensive experience of the industry in which the Group operates.

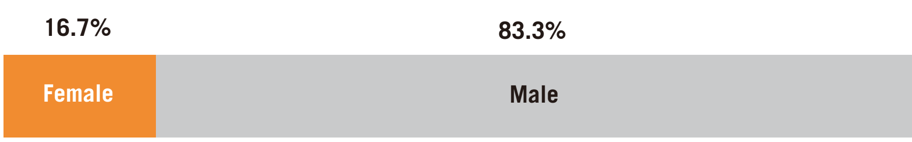
Our Board currently comprises of six members, including one female executive Director. Our Directors also have a balanced mix of knowledge, skills and experience, including commercial property operation, overall business management, finance and investment. They have obtained tertiary degrees in various majors including Chinese language and literature, financial accounting, human resources management, economics and business administration. We have three independent non-executive Directors who have different industry backgrounds, representing half of our Board members.

We have taken and will continue to take steps to promote gender diversity at all levels of our Company, including without limitation at our Board and senior management levels. The Company will ensure that gender diversity is taken into account when recruiting staff members of mid to senior level and ensure that sufficient resources are available for providing appropriate trainings and career development to develop a pipeline of potential successors to the Board and maintain gender diversity. Taking into account our business model and specific needs as well as the presence of one female Director out of a total of six Board members, we consider that the composition of our Board satisfies our board diversity policy.

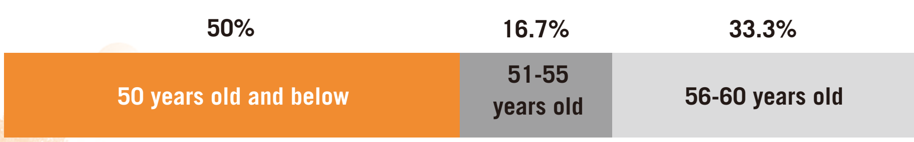
The Nomination Committee is responsible for ensuring the diversity of our Board members, and is responsible for reviewing our board diversity policy from time to time to ensure its continued effectiveness and we will disclose the implementation of our board diversity policy in our corporate governance report on an annual basis.

As at 31 December 2023, Board diversification in terms of gender and age group is set out below:

Gender



Age Group



The gender ratio for all employees (including the senior management) is set out in the section headed "Provide Employee Care" of the Environmental, Social and Governance Report.

CORPORATE GOVERNANCE FUNCTION

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

During the year ended 31 December 2023, the Board met two times to review the Company's corporate governance policies and practices, training and continuous professional development of the Directors and the senior management of the Group, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, written employee guidelines and the Company's compliance with the Corporate Governance Code and practices and disclosure in the Corporate Governance Report.

DIRECTORS' INSURANCE

Liability insurance for Directors of the Company is maintained by the Company with appropriate coverage for certain legal liabilities which may arise in the course of performing their duties.

JOINT COMPANY SECRETARIES

Ms. Lin Yi and Ms. Lee Angel Pui Shan are the joint company secretaries of the Company. Ms. Lee Angel Pui Shan is a corporate secretarial executive of SWCS, an external corporate service provider. She has extensive company secretarial professional experience and assists Ms. Lin Yi in company secretarial affairs. Ms. Lin Yi acted as the principal contact person of Ms. Lee Angel Pui Shan in the Company.

Each of Ms. Lin Yi and Ms. Lee Angel Pui Shan has confirmed that for the year ended 31 December 2023, they have taken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

The biographies of Ms. Lin Yi and Ms. Lee Angel Pui Shan are set out in the section headed "Biographies of Directors and Senior Management" on page 23 of this annual report.

DIVIDEND POLICY

According to the dividend policy of the Company, the Company may, subject to the Companies Act, Cap. 22 of the Cayman Islands (the "**Cayman Companies Act**"), from time to time in general meetings declare dividends in any currency to be paid to the Shareholders but no dividend shall be declared in excess of the amount recommended by the Board.

The Board has the discretion to declare dividend to the Shareholders, subject to the Articles of Association and all applicable laws and regulations and taking into consideration factors set out below:

(i) financial results;

(ii) cash flow situation;

(iii) business conditions and strategies;

(iv) future operations and earnings;

(v) capital requirements and expenditure plans;

(vi) shareholders' interest;

(vii) any restrictions on payment of dividends; and

(viii) any other factors that the Board may deem relevant.

Any declaration of payment of the dividend by the Company is also subject to the relevant restrictions under the Cayman Companies Act, the Articles of Association, and other applicable laws, rules and regulations.

AUDITOR'S REMUNERATION

For the year ended 31 December 2023, the fee paid/payable to the external auditor of the Company in respect of audit services and non-audit services is set out as follows:

	Year ended 31 December 2023 (RMB million)
Audit and related service	**1.2**
Non-audit service (review service of interim report)	**0.7**
Total	**1.9**

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the risk management and internal control systems of the Group and for reviewing their effectiveness.

The Company continues to adopt best practices and industry standards for risk management and internal control. The Group's risk management and internal control systems include a well-established organisational structure with clearly defined lines of responsibility and authority. Such system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Day-to-day departmental operations are entrusted to individual departments, which are accountable for their own conduct and performance and are required to operate their own department's business within the scope of the delegated authority and to implement and strictly adhere to the strategies and policies set by the Company from time to time. Each department is also required to keep the Board informed of material developments in the department's business and of the implementation of the policies and strategies set by the Board on a regular basis.

Systems and procedures are also in place in the Group to identify, control and report on the major types of risks the Group encounters. Each department is responsible for the assessment of individual types of risk arising under their areas of responsibility. Relevant risks identified are reported to the Board for oversight and monitoring. The Group's risk management systems are monitored and reviewed regularly by the Board.

The Audit Committee and the Board oversee the Group's risk management and internal control systems on an ongoing basis, and have reviewed the Group's risk management and internal control systems from the financial, operational, compliance and risk management controls perspectives for the year ended 31 December 2023. The Board is satisfied that the existing internal control and risk management systems are effective and adequate. In addition, the Board has reviewed and is satisfied with the adequacy of resources, the qualifications and experience of the staff of the Company's accounting, internal audit and financial reporting functions, and their training programmes and budget. The Board expects that a review of the internal control and risk management systems will be conducted annually.

DISCLOSURE OF INSIDE INFORMATION

The Company discloses information in compliance with the Listing Rules and other applicable laws, and publishes periodic reports and announcements to the public in accordance with relevant laws and regulations. In particular, the Group has put in place a robust framework for the disclosure of inside information in compliance with the SFO. The framework sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner so as to allow all the stakeholders to apprehend the latest position of the Group. The framework and its effectiveness are subject to review by the Board on a regular basis.

INTERNAL AUDIT

The Group has an internal audit function. The primary role of the internal audit function is to help the Board and the senior management of the Group to protect the assets, reputation and sustainability of the Group. The internal audit function provides independent and objective assurance as to whether the design and operational effectiveness of the Group's framework of risk management, control and governance processes, as designed and represented by the Company's management, is adequate. The internal audit function of the Group is independent of the risk management and internal control systems of the Group.

Results of audit work together with an assessment of the overall risk management and control framework are reported to the Audit Committee as appropriate. The internal audit function also reviews the Company's management's action plans in relation to audit findings and verifies the adequacy and effectiveness of the mitigating controls before formally closing the issue.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its code of conduct regarding Directors' securities transactions. Following specific enquiries to each of the Directors, all the Directors have confirmed their compliance with the required standards set out in the Model Code for the year ended 31 December 2023.

SHAREHOLDERS' RIGHTS

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

To promote effective communication, the Company maintains a website (www.rxswy.com), where the latest information and updates on its business operation and development, corporate governance practice, contact information of investor relations and other information are published for the public's access.

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

In accordance with Article 58 of the Articles of Association, any one or more members of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital (on a one vote per share basis) of the Company carrying the right of voting at the general meetings of the Company shall at all times have the rights, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board and resolutions to be added to a meeting agenda for the transaction of any business or resolution specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to process to convene such meeting, the requisitionist(s) himself (themselves) may convene a physical meeting at only one location which will be the principal meeting place, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

There are no provisions allowing Shareholders to propose new resolutions at the general meetings under the Articles of Association and the Cayman Companies Act. However, Shareholders who wish to propose resolutions may follow Article 58 of the Articles of Association for requisitioning an extraordinary general meeting and including a resolution at such meeting. The requirements and procedures of Article 58 are set out above.

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

Enquiries about the Company may be put to the Board by contacting the Company or directly by raising the questions at an annual general meeting or extraordinary general meeting of the Company. The contact details of the Company, including its email (ir@rxwy.cn) are set out in the Company's website (www.rxswy.com).

If Shareholders have any enquiries in relation to his/her/its shareholding, he/she/it may at any time write to or contact the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at:

Tel:	(852) 2862 8555
Fax:	(852) 2119 9137
Address:	Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Website:	www.computershare.com

SHAREHOLDERS' COMMUNICATION POLICY

The Company has in place a shareholders' communication policy (the "**Shareholders' Communication Policy**") to ensure that the views and concerns of Shareholders are appropriately addressed. The Shareholders' Communication Policy is also regularly reviewed to ensure its effectiveness. Pursuant to the Shareholders' Communication Policy, the Company regularly holds its annual general meeting every year; the Company establishes a special investor relationship section on its website containing regularly updated information, and information, such as financial statements, results announcements, circulars, notices of general meetings and relevant explanatory documents, and all other announcements are uploaded on the Company's website and on the website of the Stock Exchange simultaneously to ensure timely publication of updated information for the Shareholders and potential investors of the Company to view.

Through the above measures, the Company can ensure that it continues to maintain long-term effective and good communication with its Shareholders and potential investors.

During the year, the Company has reviewed the implementation and effectiveness of the Shareholders' Communication Policy. With the above measures in place, the Board consider that the Shareholders' Communication Policy is still effective and has been effectively implemented.

CHANGE IN CONSTITUTIONAL DOCUMENTS

The memorandum and articles of association of the Company (the "**Memorandum and Articles of Association**") are available on the websites of the Company and the Stock Exchange. On 29 June 2023, the Company amended its Memorandum and Articles of Association to (i) bring the Memorandum and Articles in line with the latest requirements under the Listing Rules, including the amendments to Appendix 3 (renumbered as Appendix A1 with effect from 31 December 2023) to the Listing Rules which took effect on 1 January 2022; (ii) provide flexibility to the Company in relation to the conduct and proceedings of general meetings of the Company; (iii) reflect the prevailing requirements under applicable laws of the Cayman Islands; and (iv) incorporate certain corresponding and housekeeping amendments.

Save for the aforesaid, there had been no other changes in the Memorandum and Articles of Association during the Reporting Period.

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

CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 14 April 2020 as an exempted company with limited liability under the Cayman Companies Act. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company's shares were listed on the Main Board of the Stock Exchange on 16 July 2021.

PRINCIPAL ACTIVITIES

The Group is primary engaged in the provision of property management services and related value-added services in the PRC.

Details of the principal activities of the principal subsidiaries of the Group are set out in note 30 to the consolidated financial statements in this annual report. There were no significant changes in the nature of the Group's principal activities during the year ended 31 December 2023. As at the date of this annual report, the Board has no intention to significantly change the principal business of the Group.

RESULTS

The results of the Group for the year ended 31 December 2023 are set out in the consolidated statement of comprehensive income of the Group in this annual report. The Group's business review and future business development are provided in the section headed "Chairman's Statement" in this annual report. An analysis of the Group's performance using financial key performance indicators is provided in the section headed "Management Discussion and Analysis" in this annual report.

ANNUAL GENERAL MEETING

The AGM of the Company will be held on 26 June 2024, a notice of which will be published and despatched to the Shareholders in due course.

FINAL DIVIDEND

The Board resolved not to declare the payment of final dividend for the year ended 31 December 2023 (2022: Nil).

None of the Shareholders has waived or agreed to waive any dividend.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the shareholders' eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 21 June 2024 to Wednesday, 26 June 2024 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all transfer of share documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Thursday, 20 June 2024.

BORROWINGS

As at 31 December 2023, the Company had no borrowings (2022: nil).

RESERVES

Details of movements in the reserves of the Group during the year ended 31 December 2023 are set out in the consolidated statement of changes in equity in this annual report. As at 31 December 2023, the distributable reserve of the Company amounted to approximately RMB179.8 million.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 31 December 2023 are set out in note 14 to the consolidated financial statements of the Group in this annual report.

SHARE CAPITAL

As at 31 December 2023, the Company had 508,104,000 Shares in issue. Details of the movements in the share capital of the Company are set out in note 20 to the consolidated financial statements of the Group in this annual report.

FINANCIAL STATEMENTS

The results of the Group for the year ended 31 December 2023 and the Group's statement of financial position as at the date are set out in the consolidated financial statements on pages 95 to 154 in this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

The Group's customer base primarily consists of property developers, property owners, residents and enterprise.

During the year ended 31 December 2023, revenue attributable to the Group's largest customer amounted to approximately 18% of the Group's total revenue and the Group five largest customers in aggregate accounted for less than 29% of the Group's revenue for the year.

Major Suppliers

The Group's suppliers are primarily subcontractors located in China which provide cleaning, security, greening, certain repair and maintenance services and dispatched workers.

During the year ended 31 December 2023, purchases attributable to the Group's largest supplier amounted to approximately 2% of the Group's total purchases and the Group five largest suppliers in aggregate accounted for less than 9% of the Group's total purchases for the year.

Mr. Ou Zonghong, former executive Director and father of Mr. Ou Guofei (executive Director and chairman of the Board), is one of the Controlling Shareholders and is interested in 65.17% shareholding of Ronshine China, the largest customer of the Group as at 31 December 2023. Save as disclosed, to the best of the knowledge of the Directors, none of the Directors, their respective close associates or any Shareholder who owns more than 5% of the issued share capital of the Company had any interest in any of the five largest suppliers or customers of the Group during the year ended 31 December 2023.

RELATIONSHIP WITH STAKEHOLDERS

The Group recognises that the employees, customers and suppliers are the keys to corporate sustainability and is keen on developing long-term relationships with its stakeholders.

The Company places significant emphasis on human capital and strives to foster an environment in which employees can develop their full potential and to assist their personal and professional growth. The Company provides a fair and safe workplace, promoting diversity to our staff, providing competitive remuneration and benefits and career development opportunities based on their merits and performance.

The Group also puts on-going efforts to provide adequate trainings and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfillment in their positions.

The Company understands that it is important to maintain good relationship with customers. The Group has established procedures in place for handling customers' complaints and customer satisfaction surveys in order to ensure customers' complaints are dealt with in a prompt and timely manner.

The Group is also dedicated to developing good relationship with suppliers as long-term business partners to ensure stable supplies of materials and timely delivery of power plants under construction. The Group reinforces business partnerships with suppliers and contractors by recurring communication in proactive and effective manner so as to ensure quality and delivery.

DONATIONS

Donations made by the Group during the year ended 31 December 2023 amounted to RMB22,975 (2022: RMB2,500).

DIRECTORS

The Directors during the year ended 31 December 2023 and up to the date of this annual report are as follows:

Directors	Position
Mr. Ou Zonghong (resigned on 12 September 2023)[1]	Executive Director
Mr. Ou Guofei (appointed on 12 September 2023)	Executive Director
Mr. Ma Xianghong	Executive Director
Ms. Lin Yi	Executive Director
Ms. Lin Liqiong (resigned on 12 September 2023)[2]	Non-executive Director
Mr. Ye Azhong	Independent non-executive Director
Mr. Chen Zhangwang	Independent non-executive Director
Mr. Kwok Kin Kwong Gary	Independent non-executive Director

Notes

1. Mr. Ou Zonghong resigned as an executive Director in order to focus on his other business engagements.

2. Ms. Lin Liqiong resigned as a non-executive Director in order to devote more time to her personal and other business commitments.

The biographical details of the Directors and the senior management of the Company are set out in the section headed "Biographies of Directors and Senior Management" in this annual report.

In accordance with Article 84(1) of the Articles of Association, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and be eligible for re-election and re-appointment at every annual general meeting, provided that every Director shall be subject to retirement by rotation at the annual general meeting at least once every three years. Any Director appointed by the Board pursuant to Article 83(3) of the Articles of Association shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation in accordance with Article 84(2) of the Articles of Association.

In accordance with Article 83(3) of the Articles of Association, all Directors appointed either to fill a casual vacancy or as an addition to the Board shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election.

Accordingly, Mr. Ma Xianghong and Ms. Lin Yi shall retire by rotation as Directors at the AGM according to Article 84(1) of the Articles of Association, and being eligible, have offered themselves for re-election as Directors at the AGM.

Further, as Mr. Ou Guofei was appointed as a Director by the Board on 12 September 2023, Mr. Ou Guofei shall hold office until the AGM according to Article 83(3) of the Articles of Association, and being eligible, has offered himself for re-election as Director at the AGM.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to the factors set out in Rule 3.13 of the Listing Rules. The Company has assessed their independence and considers all of the independent non-executive Directors are independent.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors initially entered into a service contract with the Company for a term of three years commencing from 22 September 2020, and upon expiration, each of them has renewed their respective service contracts for a term of three years commencing from 21 September 2023, which may be terminated by not less than three calendar months' notice in writing served by either party on the other.

Each of the independent non-executive Directors has entered into an appointment letter with the Company for a term of three years commencing from the 10 June 2021, which may be terminated by not less than three calendar months' notice in writing served by either party on the other.

The appointments of the Directors are subject to the provisions of retirement and rotation of Directors under the Articles of Association.

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2023, none of the Directors nor their respective associates (as defined in the Listing Rules) had any interest in any business that competed or was likely to compete, either directly or indirectly, with the business of the Group, which would require disclosure under the Listing Rules.

REMUNERATION OF DIRECTORS, SENIOR MANAGEMENT AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and those of the five highest paid individuals of the Group for the year ended 31 December 2023 are set out in note 29 to the consolidated financial statements of the Group in this annual report.

The primary goal of the Group's remuneration policy for executive Directors is to enable the Company to reflect their individual performance by a reasonable remuneration package. The remuneration package includes basic salary, performance and other benefits. Remuneration of the independent non-executive Directors mainly includes the director's fee which is a matter for the Board to decide by reference to the duties and responsibilities of the independent non-executive Directors and their experience.

None of the Directors waived his/her emoluments nor has agreed to waive his/her emoluments for the year ended 31 December 2023. For the year ended 31 December 2023, no emolument was paid by the Group to any Directors or any of the five highest paid individuals as inducement to join or upon joining the Group as compensation for loss of office.

In addition, pursuant to code provision E.1.5 of the Corporate Governance Code, the annual remuneration of members of the senior management by band for the year ended 31 December 2023 is set out below.

The emolument paid to the senior management members (including Mr. Ma Xianghong and Ms. Lin Yi, executive Directors) of the Company fell within the following bands:

Emolument bands in RMB	Number of individuals
RMB500,000 – RMB1,500,000	4
RMB1,500,001 – RMB3,000,000	1

RETIREMENT BENEFITS SCHEME

The Group does not have any employee who is required to participate in the Mandatory Provident Fund in Hong Kong. The employees of the PRC subsidiaries of the Group are members of the state-managed retirement benefits scheme operated by the PRC government. The PRC subsidiaries of the Group are required to contribute a certain percentage of their payroll costs to the retirement benefits scheme to fund the benefits. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the state-managed retirement benefits scheme. There are no provisions under the above scheme whereby forfeited contributions may be used to reduce future contributions.

SHARE SCHEMES

During the Reporting Period, the Company did not have any share schemes.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles, a permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the financial year. The Company has purchased the Directors' and Officers' Liability Insurance to provide protection against claims arising from the lawful discharge of duties by the Directors.

MANAGEMENT CONTRACTS

Other than the service contracts and letters of appointment entered into by the Directors as disclosed above, no contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or in existence as at the end of the year or at any time during the year ended 31 December 2023.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Group, or existed, during the Reporting Period.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 December 2023, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which have been taken or deemed to be owned under such provisions of the SFO), or which was required to be entered in the register referred to therein pursuant to Section 352 of the SFO, or which was otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

So far as is known to the Company, as at 31 December 2023, as recorded in the register required to be kept by the Company under section 336 of the SFO, the following persons, other than a Director or chief executive of the Company, had an interest of 5% or more in the Shares or underlying Shares:

Shareholders	Nature of Interest/Capacity	Number of Shares or Underlying Shares	Approximate percentage of shareholding(Note 1)
Mr. Ou Zonghong(Note2)	Founder of a Trust	375,000,000 (L)	73.80%
HSBC International Trustee Limited(Note 2)	Trustee of a trust	375,000,000 (L)	73.80%
Rongan Juxiang(Note 2)	Interest in controlled corporations	375,000,000 (L)	73.80%
Rongxin Yipin(Note 2)	Beneficial owner	300,000,000 (L)	59.04%
Fumei International(Note 2)	Beneficial owner	75,000,000 (L)	14.76%

Notes:

(1) The calculation is based on the total number of 508,140,000 Shares in issue as at 31 December 2023. The letter (L) denotes the person's long position in the relevant Shares.

(2) Mr. Ou Zonghong was the settlor and protector of the Family Trust with HSBC International Trustee Limited as trustee. Rongan Juxiang controlled 375,000,000 Shares through its wholly owned subsidiaries, namely Rongxin Yipin as to 300,000,000 Shares and Fumei International as to 75,000,000 Shares. Each of Mr. Ou Zonghong, HSBC International Trustee Limited and Rongan Juxiang was deemed to be interested in the Shares held by Rongxin Yipin and Fumei International under the SFO.

Save as disclosed above, as at the 31 December 2023, the Company had not been notified of any persons (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares that were recorded in the register required to be kept under section 336 of the SFO.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no transactions, arrangements or contracts of significance in relation to which the Company, its holding company or subsidiaries was a party and in which a Director or his connected entities had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2023.

CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no contracts of significance were entered into between the Company or any of its subsidiaries and the controlling shareholders of the Company or any of its subsidiaries during the year ended 31 December 2023 or subsisted at the end of the year and up to the date of this annual report, and no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder of the Company or any of its subsidiaries was entered into during the year ended 31 December 2023 or subsisted at the end of the year and up to the date of this annual report.

CONTINUING CONNECTED TRANSACTIONS

The following constituted continuing connected transactions of the Group under Chapter 14A of the Listing Rules for the year ended 31 December 2023:

Continuing Connected Transactions Subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements

1. *Property Management Services*

   References are made to the Prospectus, the announcement of the Company dated 23 November 2022 and the circular of the Company dated 20 January 2023.

   The Group was engaged by Ronshine China Group to provide pre-delivery property management services for its property projects at the pre-sale and pre-delivery stages. Pursuant to an agreement entered into between Ronshine China and Rongxin Shiou Property Service Group Co., Ltd.* (融信世歐物業服務集團有限公司) ("**Ronshine Shiou**") on 23 November 2018 ("**2018 Agreement**") to revise and renew the master pre-delivery property management agreement dated 8 November 2016, the Group agreed to provide pre-delivery property management services at the pre-sale and pre-delivery stages (including but not limited to security, cleaning, maintenance service and other related pre-delivery property management and maintenance services as well as car park management services) to the property projects of Ronshine China in the PRC for a further term of two years from 1 January 2019 to 31 December 2020 (both days inclusive).

   In contemplation of the Listing, on 3 November 2020, the Company (for itself and on behalf of its subsidiaries) entered into an amended and restated master property management and related services agreement with Ronshine China (for itself and on behalf of its subsidiaries) (the "**Master Ronshine Property Management and Related Services Agreement**") to amend and restate the 2018 Agreement, pursuant to which the Group agreed to provide property management and related services to the properties owned or used by Ronshine China Group in the PRC, including but not limited to (i) preliminary planning and design consultancy services and pre-delivery services which primarily include cleaning and inspection, (ii) property sales offices and display units management services which primarily include security, cleaning and customer reception services, (iii) property management services for the properties (including unsold units and car parking spaces) owned or used by Ronshine China Group, (iv) value-added service primarily include house and facility repair and maintenance, marketing promotion, property agency services and (v) commercial operational services (the "**Ronshine Property Management and Related Services**"). The Master Ronshine Property Management and Related Services Agreement had a term commencing from 3 November 2020 to 31 December 2022 (both days inclusive).

   The fees to be charged for the Ronshine Property Management and Related Services were determined after arm's length negotiations with reference to prevailing market price (taking into account the location and the conditions of the property, the scope of the services and the anticipated operation costs including but not limited to labor costs, administration costs and costs of materials) and the prices charged by the Group for similar services provided to independent third parties.

As the Master Ronshine Property Management and Related Services Agreement would expire on 31 December 2022 and it was anticipated that the Group would continue to provide property management and related services to the properties owned or used by Ronshine China Group in the PRC, the Company entered into an agreement (the "**2023 Master Ronshine Property Management and Related Services Agreement**") with Ronshine China on 23 November 2022 to renew the Master Ronshine Property Management and Related Services Agreement for a term of three years from 1 January 2023 to 31 December 2025 (both days inclusive) with the same pricing terms, pursuant to which the Group agreed to provide the Ronshine Property Management and Related Services to the properties owned or used by Ronshine China Group in the PRC.

Mr. Ou Zonghong is the controlling shareholder of Ronshine China. In addition, Mr. Ou Zonghong is the controlling shareholder of the Company, and was an executive Director until 12 September 2023. Ronshine China and its subsidiaries are therefore connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the Master Ronshine Property Management and Related Services Agreement and the 2023 Master Ronshine Property Management and Related Services Agreement by the Company with Ronshine China and the transactions contemplated thereunder constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The annual cap amount in relation to the Ronshine Property Management and Related Services for the year ended 31 December 2023 is RMB150 million. The transaction amount for the Ronshine Property Management and Related Services provided by the Group to Ronshine China Group pursuant to the 2023 Master Ronshine Property Management and Related Services Agreement for the year ended 31 December 2023 was approximately RMB58,092,362, which did not exceed the annual cap.

For further details, please refer to the announcement of the Company dated 23 November 2022 and the circular of the Company dated 20 January 2023.

2. *Carpark Sales Agency Services*

References are made to the announcements of the Company dated 21 July 2022 and 23 November 2022 and the circular of the Company dated 20 January 2023.

On 21 July 2022, Rongxin (Fujian) Investment Company Limited* (融信(福建)投資集團有限公司) ("**Ronshine Fujian Investment**"), Ronshine Shiou, and Shanghai Rongmao Real Estate Brokerage Co., Ltd.* (上海融茂房地產經紀有限公司) ("**Shanghai Rongmao**") entered into a carpark sales agency service framework agreement (the "**Carpark Sales Agency Service Framework Agreement**"), which had a term from 21 July 2022 to 31 December 2022 (both days inclusive). Pursuant to the Carpark Sales Agency Service Framework Agreement, Ronshine China Group shall engage the Group to provide sales agency services in respect of certain car parking spaces owned by Ronshine China Group on an exclusive basis (the "**Exclusive Car Parking Spaces**"). During the term of the Carpark Sales Agency Service Framework Agreement, Shanghai Rongmao shall be the exclusive service provider of the sales agency services and Ronshine Fujian Investment shall not engage other third parties for such services in respect of the Exclusive Car Parking Spaces, nor to sell, transfer or dispose of in any other manner any of the Exclusive Car Parking Spaces to third parties without written consent from Ronshine Shiou and Shanghai Rongmao (the "**Exclusive Sales Agency Rights**"). Pursuant to the Carpark Sales Agency Service Framework Agreement, Ronshine Shiou shall advertise the Exclusive Car Parking Spaces to relevant property owners and provide measures to aid Shanghai Rongmao's sales of the Exclusive Car Parking Spaces.

Ronshine Fujian Investment shall pay agency service fee to Shanghai Rongmao calculated at 3% to 5% of the sales price of the Exclusive Car Parking Spaces, and shall settle such agency service fee on a monthly basis after Ronshine Fujian Investment has received the sales payment from third party customers.

In consideration of the granting of the Exclusive Sales Agency Rights, Ronshine Shiou has paid a refundable deposit of approximately RMB50 million to Ronshine Fujian Investment (the "**2022 Deposit**"), representing 15% of the estimated value of the initial Exclusive Car Parking Spaces. The 2022 Deposit shall be adjusted on a monthly basis with reference to the total estimated value of the unsold Exclusive Car Parking Spaces, and any remaining balance of the 2022 Deposit shall be refunded to Ronshine Shiou without interest after expiry of the Carpark Sales Agency Service Framework Agreement or when Ronshine Shiou and Shanghai Rongmao have completed all respective duties under agreement.

Given that the provision of sales agency services under the Carpark Sales Agency Service Framework Agreement was a transaction pursuant to the Master Ronshine Property Management and Related Services Agreement, the agency fees payable by Ronshine China Group to the Group were subject to the relevant annual caps thereunder.

As the Carpark Sales Agency Service Framework Agreement would expire on 31 December 2022 and it was anticipated that the Group would continue to provide carpark sales agency services to Ronshine China Group and pay the Deposit to Ronshine China Group to extend the term of the Exclusive Sales Agency Rights, the Company entered into an agreement (the "**2023 Carpark Sales Agency Service Supplemental Agreement**") with Ronshine China on 23 November 2022 to renew the Carpark Sales Agency Service Framework Agreement for a term of three years from 1 January 2023 to 31 December 2025 (both days inclusive) with the same pricing terms.

In consideration of the granting of the Exclusive Sales Agency Rights for the renewed term from 1 January 2023 to 31 December 2025 (both days inclusive), a deposit (the "**Deposit**") of approximately RMB50 million was paid by Ronshine Shiou to Ronshine Fujian Investment representing 15% of the estimated market value of the Exclusive Car Parking Space at the relevant time. The annual cap amount for the Deposit payable by the Group to Ronshine China Group for the year ended 31 December 2023 is RMB50 million. The annual cap for the Deposit had not been exceeded during the Reporting Period.

Ronshine Fujian Investment is an indirect wholly owned subsidiary of Ronshine China. Mr. Ou Zonghong is the controlling shareholder of Ronshine China, is the controlling shareholder of the Company, and was an executive Director until 12 September 2023. As Ronshine China and Ronshine Fujian Investment are associates of Mr. Ou, they are connected persons of the Company under the Listing Rules. Accordingly, the entering into of the Carpark Sales Agency Service Framework Agreement, the 2023 Carpark Sales Agency Service Supplemental Agreement and the transactions contemplated thereunder shall constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

For further details, please refer to the announcements of the Company dated 21 July 2022 and 23 November 2022 and the circular of the Company dated 20 January 2023.

3. *Mr. Ou Property Management Services*

References are made to the Prospectus, the announcement of the Company dated 23 November 2022 and the circular of the Company dated 20 January 2023.

On 18 June 2021, the Company (for itself and on behalf of its subsidiaries) entered into a master property management and related services agreement with Mr. Ou (the "**Master Mr. Ou Property Management and Related Services Agreement**"), pursuant to which, the Group agreed to provide to Mr. Ou's associates (excluding Ronshine China Group) (the "**Associates**") property management and related services to the properties owned or used by the Associates in the PRC, including but not limited to (i) preliminary planning and design consultancy services and pre-delivery services which primarily include cleaning and inspection, (ii) property sales offices and display units management services which primarily include security, cleaning and customer reception services, (iii) property management services for the properties (including unsold units and car parking spaces) owned or used by the Associates, and (iv) value-added service primarily include house and facility repair and maintenance, marketing promotion, property agency services (the "**Mr. Ou Property Management and Related Services**"). The Master Mr. Ou Property Management and Related Services Agreement had a term commencing from the Listing Date to 31 December 2022 (both days inclusive).

The fees to be charged for the Mr. Ou Property Management and Related Services were determined after arm's length negotiations with reference to prevailing market price (taking into account the location and the conditions of the property, the scope of the services and the anticipated operation costs including but not limited to labor costs, administration costs and costs of materials) and the prices charged by our Group for providing similar services to Independent Third Parties.

As the Master Mr. Ou Property Management and Related Services Agreement expired on 31 December 2022 and it was anticipated that the Group will continue to provide the Mr. Ou Property Management and Related Services to the Associates, the Company entered into an agreement (the "**2023 Master Ronshine Property Management and Related Services Agreement**") with Mr. Ou on 23 November 2022 to renew the Master Mr. Ou Property Management and Related Services Agreement for a term of three years from 1 January 2023 to 31 December 2025 (both days inclusive) with the same pricing terms.

The annual cap amount in relation to the Mr. Ou Property Management and Related Services for the year ended 31 December 2023 is RMB50 million. The transaction amount for the Mr. Ou Property Management and Related Services provided by the Group to the Associates for the year ended 31 December 2023 was approximately RMB18 million, which did not exceed the annual cap.

Since the Ronshine Property Management and Related Services and the Mr. Ou Property Management and Related Services (the "**Property Management and Related Services**") are similar in nature, the transactions under the Master Ronshine Property Management and Related Services Agreement and the Master Mr. Ou Property Management and Related Services Agreement were aggregated pursuant to the Listing Rules.

As each of the applicable percentage ratios (except for the profit ratio) under the Listing Rules in respect of the aggregated annual caps for the Property Management and Related Services exceeded over 5% on an annual basis, such transactions constituted continuing connected transactions for our Company that were subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Mr. Ou and the Associates are connected persons of the Company, the entering into of the Master Mr. Ou Property Management and Related Services Agreement, the 2023 Master Ronshine Property Management and Related Services Agreement and the transactions contemplated thereunder constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

For further details, please refer to the announcement of the Company dated 23 November 2022 and the circular of the Company dated 20 January 2023.

Annual Review

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

Elite Partners, the Company's auditor, was engaged to report on the Group's continuing connected transactions in accordance with "*Hong Kong Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*" and with reference to Practice Note 740 "*Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules*" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter to the Board containing its findings and conclusions in respect of the aforesaid continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules, stating that it has not noticed that any of the continuing connected transactions above (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group for the continuing connected transactions involving provision of goods or services by the Group; (iii) were not entered into, in all material aspects, in accordance with the relevant agreement governing such continuing connected transactions; and (iv) have exceed the relevant caps for the year ended 31 December 2023.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the year ended 31 December 2023 are set out in note 28 to the consolidated financial statements in this annual report.

Save as disclosed above, during the year ended 31 December 2023, none of the related party transactions set out in note 28 to the consolidated financial statements fall under the definition of "connected transaction" or "continuing connected transaction" (as the case may be) in Chapter 14A of the Listing Rules.

The Company confirmed that it was in compliance with the disclosure requirements under Chapter 14A of the Listing Rules for the year ended 31 December 2023, or a waiver from such provisions has been obtained from the Stock Exchange.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

PRE-EMPTIVE RIGHTS

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

LITIGATION

As at 31 December 2023, no member of our Group was engaged in any litigation or arbitration of material importance and, so far as our Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of our Group.

SIGNIFICANT INVESTMENT HELD

For the year ended 31 December 2023, the Group did not hold any significant investments.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group will continue to focus on its business strategies as set out in the Prospectus of the Company. As at the date of this annual report, save as disclosed in the Prospectus, the Group has no plan for any material investments or capital assets.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There were no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2023.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

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

BUSINESS REVIEW

A review of the Group's business during the year, which includes a discussion of the principal risks and uncertainties facing by the Group, an analysis of the Group's performance using financial key performance indicators, particulars of important event affecting the Group during Reporting Period, and an indication of likely future developments in the Group's business, could be found in the sections headed "Chairman's Statement", "Management Discussion and Analysis" and "Corporate Governance Report" in this annual report. The review and discussion form part of this annual report of Directors.

FINANCIAL SUMMARY

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 154 of this annual report. This summary does not form part of the audited consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the number of shares held by the public in the Company for the year ended 31 December 2023 and up to the date of this annual report has been in compliance with the minimum percentage of public float prescribed by the Stock Exchange.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to achieving high standards of corporate governance to safeguard the interests of the Company's shareholders and to enhance corporate value and accountability.

The Company has adopted and applied the principles and code provisions of the Corporate Governance Code in force from time to time on the Stock Exchange as its own code on corporate governance and, to the best knowledge of the Directors, the Company had complied with all applicable code provisions under the Corporate Governance Code during the year ended 31 December 2023.

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations which have a significant impact to the Group.

As at 31 December 2023, as far as the Board is aware, the Group has complied with, in all material respects, all the relevant and applicable laws, rules and regulations which have a significant impact on the business and operation of the Group. During the Reporting Period, there was no material breach of, or non-compliance with applicable laws, rules and regulations by the Group.

ENVIRONMENTAL AND SOCIAL MATTERS

The Group strives to minimize the negative environmental impact of the Group's existing operations and to comply with applicable environmental laws and regulations, and is committed to complying with applicable environmental regulations and protecting the environment in its operations.

Details of the Company's compliance with the relevant provisions set out in the Environmental, Social and Governance Reporting Guide in Appendix 27 (which has been renumbered to Appendix C2 with effect from 31 December 2023) of the Listing Rules for the financial year ended 31 December 2023 are set out in the Environmental, Social and Governance Report on pages 52 to 89 of this annual report.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Group did not have any other significant events subsequent to 31 December 2023 and up to the date of this annual report.

AUDITOR

As disclosed in the announcements of the Company dated 22 March 2022 and 23 March 2022, PricewaterhouseCoopers ("**PwC**") resigned as the auditor of the Company with effect from 21 March 2022. Subsequently, Elite Partners was appointed as the new auditor of the Company to fill the casual vacancy following the resignation of PwC with effect from 23 March 2022.

The consolidated financial statements for the year ended 31 December 2023 have been audited by Elite Partners who shall retire at the AGM. A resolution will be proposed at the AGM for the re-appointment of Elite Partners at the auditors of the Company. Save as disclosed above, there was no change in the external auditor of the Company for the three years preceding the date of this annual report.

By Order of the Board
Ronshine Service Holding Co., Ltd
Ou Guofei
Chairman

Hong Kong, 27 March 2024

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

A Brief Introduction to the Report

This is the third Environmental, Social, and Governance Report (the "**ESG Report**" or "**Report**") published by Ronshine Service Holding Co., Ltd. (referred to as "**Ronshine Service**" or the "**Company**") and its subsidiaries (collectively, the "**Group**" or "**we**" or "**us**"), which aims to present and summarize our contributions, practices, and performance in environmental, social, and governance ("**ESG**") areas in a transparent and open manner, so as to meet our stakeholders' expectations regarding the Group's sustainable development and information disclosure, thereby enhancing their understanding and confidence in the Group.

Scope of the Report

The reporting period for the Report extends from 1 January 2023 to 31 December 2023 (hereinafter referred to as the "**Year**" or the "**Reporting Period**"). To improve the comparability and completeness of the report, certain contents have been slightly extended beyond these dates. Save as otherwise specified, the scope of the Report aligns with the Company's 2023 Annual Report.

Reporting Standards

The Report has been prepared in compliance with the Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") as set out in Appendix 27 (which has been renumbered to Appendix C2 with effect from 31 December 2023) to the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), meticulously adhering to the disclosure requirements under the "comply or explain" provisions, and revealing key performance indicators reflective of the Company's business nature. An index of the ESG Reporting Guide is included in the Appendix of the Report to offer readers a comprehensive overview of the Company's ESG performance.

Reporting Principles

Reporting principles	Definition	The Company's response
Importance	The issuer is required to report on environmental, social, and governance issues when the Board concludes that they will significantly affect investors and other stakeholders.	The report highlights and prioritizes key sustainability concerns based on continuous dialogue with stakeholders with the issuer's operations and business nature taken into account.
Quantification	Key performance indicators related to historical data must be quantifiable, and issuers ought to establish targets (which may be concrete figures or indicative, prospective declarations) for mitigating specific impacts, through which the efficacy of ESG policies and management systems can be evaluated and verified. Quantitative data should include an explanatory statement detailing its objectives and effects and, when relevant, offer comparative figures.	In the Report, we strive to provide quantitative disclosure of the key indicators of our environmental and social performance wherever possible, along with relevant notes to enhance readers' understanding of our practices.
Balance	Environmental, social, and governance reports should impartially present the issuer's performance, avoiding choices, omissions, or presentation formats that could unduly influence the readers' decision or judgment.	The Report is grounded in objective facts and offers a comprehensive overview of sustainability issues that significantly affect our business, while also disclosing pertinent performance data.
Consistency	Issuers should employ consistent disclosure metrics to facilitate meaningful comparisons of ESG data going forward.	The scope and method of disclosure of the ESG Reports will remain largely consistent year over year, allowing readers to compare relevant performance data effectively.

Sources of Information

The information presented in the Report originates from the official documents, statistical data, or public information of Ronshine Service and has been approved after going through the internal supervision mechanism and inspection procedures. The Board of Directors is responsible for ensuring the adequacy and appropriateness of the report's contents, guaranteeing that it contains no false records, misleading statements, or significant omissions.

Publication of the Report

The Report is available in both Chinese and English, published electronically, and uploaded to the website of the Hong Kong Stock Exchange at www.hkexnews.hk and the official website of Ronshine Service at www.rxswy.com. Should there be any discrepancies or inconsistencies between the English and Chinese versions, the Chinese version should prevail.

Confirmation and Approval

The Report was reviewed and approved by the Board of Directors on 27 March 2024.

ABOUT RONSHINE SERVICE

Company Profile

Ronshine Service Holding Co., Ltd. (02207.HK) is a prominent professional property management service provider, boasting a national first-class qualification and membership in the China Property Management Institute. The Company was successfully listed on the Hong Kong Stock Exchange on 16 July 2021.

Business Model

In 2023, under the strategic theme of "deeply cultivate and grow", Ronshine Service adhered to its business development strategy known as "deeply cultivating the market in Southeast and radiating the whole country", aiming to provide its customers with more efficient services and usher in a new era of sustainable development. Guided by the Group's strategic vision for this new phase, Ronshine Service, with Fuzhou as its hub, is dedicated to enhancing its presence in the southeast coastal economic belt while extending its reach nationwide. The Company's service projects span across 67 cities and are managed by five regional branches, i.e. North Fujian, South Fujian, Zhejiang-Jiangxi, Shanghai-Jiangsu, and Sichuan-Henan, supported by five specialized subsidiaries, namely Rongguan Information Engineering (融冠信息工程), Ronglin Trading (融鄰貿易), Rongmao Real Estate (融茂房產), Hemei Hairun (和美海潤), and Business Management (商業管理). Ronshine Service is committed to establishing the "Better +" full life service system and the "ROYEEDS" premium service system, joining hands with our customers in creating communities with "quality, warmth, and love".

Corporate Philosophy

Ronshine Service consistently upholds its service ethos known as "Working Hard to Bring Satisfaction and Affection to Our Customers", embodies the business philosophy of "Integrity, Collaboration, Enterprise, and Win-win", remains dedicated to its mission of "Let Service Create Value", and is devoted to achieving the corporate vision of "Becoming the Most Trusted Partner of Customers".

Corporate Honors

Since its inception, the Company has consistently combined its extensive experience in property management with a profound understanding of the intrinsic needs of property owners. This approach allows us to customize products and services for our customers with a full lifecycle, facilitating a more convenient lifestyle for them. In 2023, the Company and its senior executives received numerous honors and awards from government bodies and industry associations.

Name of Award	Awarding body
Top 100 Property Service Enterprises in East China 2023	CRIC Property Management, CPMRI

A Two-Star Enterprise rated by Shanghai Property Service Comprehensive Ability Star Evaluation 2023	Shanghai Property Management Association

Name of Award	Awarding body
Best Employer of the Year 2023	CHIRC
	
Excellent Member of Property Service 2023	Zhengzhou Property Management Association
Certificate of Honorable Member of Fujian Property Management Association	Fujian Property Management Association
	
The 11th “Most Graceful Property Manager” Photography and Micro Video Show of the Property Management Industry – A photograph named “A Brisk Property Service Station”	China Property Management Institute
	

Name of Award	Awarding body
Top 100 Property Managers in China 2023 – WU Jianyong, Assistant President of Ronshine Service and General Manager of North Fujian Property Company, and WANG Li, Property Director and General Manager of Shanghai-Jiangsu Property Company	Leju Finance

Name of Award	Awarding body
Credit Evaluation of Property Service Enterprises under Residential Property Community in Longwen District, Zhangzhou city, Fujian Province in 2022 – Yipin Jiangshan (一品江山), Lanyuan (瀾園), Future City (未來城) and Mansion One (壹號府) under Ronshine Service were ranked third	City Administration Bureau of Longwen District, Zhangzhou City

Name of Award	Awarding body
Service Star of 2023 – LIU Yaowei, Customer Service Supervisor of Zhengzhou Zhangwuzhai (張五砦) Project, and LI Na, Customer Service Manager of Zhengzhou City Window Project	Zhengzhou Property Management Association
Exemplary Individual in Property Service 2023 – XU Xiaofang, Zhengzhou Wanghu Chenyuan (望湖宸院)	Zhengzhou Property Management Association
Excellent Project Manager of Property Service 2023 – WANG Hui, Project Manager of Zhangwuzhai (張五砦)/City of Time (城市之光) in Zhengzhou	Zhengzhou Property Management Association
Outstanding Manager of the Year 2023 – XU Muqing, General Manager of Hemei Hairun Management Company	CHIRC

STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors is delighted to present the Company's 2023 Environmental, Social, and Governance Report, which details the Company's ESG philosophy and performance from January 1, 2023 to December 31, 2023. The Report is compiled in accordance with the reporting principles of Importance, Quantification, Balance, and Consistency.

To uphold our dedication to sustainable development, the Board of Directors has authorized the establishment of an ESG Working Group, whose primary duties include implementing and overseeing the Group's ESG initiatives and offering recommendations to the Board of Directors, aiming to enhance its sustainable governance more effectively. The Board is responsible for developing ESG strategies and reporting, identifying key ESG issues, and assessing their materiality so as to facilitate its development of ESG strategies. The Board believes that promoting sustainable development is as important as achieving long-term business growth. We will keep focusing on the progress in achieving our ESG objectives, and continue to push for improvements in ESG governance in areas such as the quality of compliance, employee development and green development.

We prioritize the compliance governance of the Group, consistently enhancing our supervision of integrity and conducting widespread warning education. We are committed to refining our supply system, making clear supplier management requirements and evaluation methods, and advocating for clean and green procurement. In terms of information security protection and safeguarding of intellectual property rights, we remain alert and actively enhance our employees' adherence to laws and regulations through public awareness promotion efforts.

We place significant emphasis on the development opportunities for our employees. In addition to enhancing our human resources system, we offer a broad platform for our employees to hone their skills and quality through our training system. We care seriously about the safety and health of our employees, offering them comprehensive benefits while safeguarding their fundamental rights and interests.

We are highly concerned about eco-friendly development, actively engaging in emission reduction, energy conservation, water conservation, and waste minimization campaigns, while enhancing our energy management mechanisms. To enforce energy conservation and emission reduction, we rigorously monitor the progress and performance of our objectives, conducting inspections and evaluations as needed, thereby more effectively overseeing and enhancing the sustainability of our operations. Our methods for calculating emission targets have been further refined compared to 2022.

Ronshine Service has been disclosing its ESG efforts and performance for the third consecutive year, and has embedded the ESG concept into every aspect of its operations. Looking ahead, the Company will remain committed to its service philosophy known as "working hard to bring satisfaction and affection to our customers", while upholding the business principles of "Integrity, Collaboration, Enterprise, and Win-win", staying true to its mission of "Let Service Create Value", and continuing to strive towards its vision of "Becoming the Most Trusted Partner of Customers".

While in the prime of youth, let's forge a brilliant path, and let dreams be the steed to embark on a new journey!

SUSTAINABLE DEVELOPMENT GOVERNANCE AND IDENTIFICATION OF KEY ISSUES

ESG Governance Structure

To effectively carry out the Group's ESG governance efforts, we have established a sustainable development governance framework, which is composed of the Board of Directors, the ESG Working Group, and various functional departments, all working together to advance our ESG management and information disclosure initiatives. The Board of Directors acts as our supreme decision-making entity, the ESG Working Group functions at the organizational level, and the functional departments operate at the execution level. Through seamless cooperation across these levels, we are poised to weave the principles of sustainable development into the Group's overarching strategy, policies, and business plans. Below is an outline of the Group's ESG governance framework, detailing the roles and responsibilities at each level within this framework:

Table: Roles and responsibilities of the ESG Working Group

Roles	Scope of responsibilities
The Board of Directors	• Discuss and approve the Group's ESG management policies, strategies, plans, objectives and annual work, including evaluating, prioritizing and managing significant ESG issues, risks and opportunities; • Establish and supervise ESG risk management and internal control systems; • Approve the annual ESG Report.
The ESG Working Group (led by the Capital Management Group of the Financial Capital Management Center and composed of executive directors, Chief Financial Officer, etc.)	• Identify, evaluate, review and manage significant ESG issues, risks and opportunities; • Responsible for reviewing and monitoring the Group's ESG policies and practices to ensure compliance with relevant legal and regulatory requirements; • Collect, understand and respond to stakeholders' views on material ESG matters through appropriate channels; • Coordinate and promote the implementation of ESG policies by various departments, and monitor the ESG-related work of various functional departments.
Representatives of all functional departments (composed of relevant departments of the Group, including administration, human resources, legal affairs, operation, supply chain, brand, information, etc.)	• Organize, promote and implement ESG-related work in accordance with the Group's ESG management policy, strategy, planning, deployment, requirements and division of labor of annual work and objectives; • Collect and report on internal ESG policies and systems and ESG-related performance indicators; • Comply with ESG policies and systems.

Stakeholders and Communication Methods

Reflecting on the unique business and operational management traits of the Company, we have conducted a more thorough identification of ESG-related stakeholders, building upon the 2022 ESG Report. This process has led to the inclusion of a broader array of stakeholders in our communication efforts, which encompass government and regulatory bodies, shareholders and investors, customers and proprietors, employees (ranging from entry-level to mid-tier and top executives), suppliers and partners, the media and non-profit organizations, and local communities. We are convinced that enhancing dialogue with these diverse groups to grasp their expectations and needs is crucial for solidifying our ESG governance framework and ensuring the Company's sustainable growth. To this end, we have crafted specific and varied communication channels tailored to each stakeholder group. The table below outlines the primary concerns of each stakeholder category alongside the principal methods of communication:

Table: Issues concerned by stakeholders and main communication methods

Key stakeholders	ESG issues of focus	Main communication methods and channels
Government and regulatory agencies	Customer/property owner's health and safety, quality of our products and services, information security protection	Policy consultation, work report, information disclosure, regular inspections, meetings of regulatory agencies
Shareholders and investors	Emissions, employment, quality of products and services	Daily reception, shareholders' meeting, information disclosure, investor hotline and email, official website
Clients/Property owners	Customer/property owner's health and safety, information security protection, quality of products and services	Service hotline, official website, satisfaction survey, information disclosure, community activities
Staff (grassroots and mid-level staff)	Employee recruitment, career development, employee's physical and mental health, employee's rights and interests, information security protection	Employee congress, trade union, petition, direct communication
Staff (senior management)	Emissions, climate change, employee recruitment, employees' rights, customer/property owner's health and safety, business compliance and standardization, intellectual property protection, anti-corruption	Interviews, questionnaires, direct communication
Suppliers/Partners	Supply chain management, quality of products and services, information security protection, business compliance and standardization	Open bidding procedures, contract negotiations, daily business exchanges, etc.
Media and NGOs	Information security protection, supply chain management, employee recruitment, career development, employee's physical and mental health, employee's rights and interests, community investment	Social media, official websites, press conferences, communication meetings
Communities	Resource use, information security protection, community investment	Community education and publicity, discussion and exchange, public welfare activities, community activities
Trade associations	Business compliance and standardization, employee recruitment, anti-corruption, supply chain management	Regular communication meetings, information disclosure and social media

Identification and Analysis of ESG-related Important issues

In order to further assess stakeholders' attention and expectations on the ESG-related issues of the Company, and clarify the key areas of our ESG practice, we identified, analyzed and evaluated ESG-related important issues in 2023 through ESG issue identification, stakeholder research, significance analysis, management feedback confirmation and other steps. On the basis of our ESG efforts in 2022, we further improved the presentation of issues and increased the sample size of the questionnaire.

Following the outlined procedure, the evaluation of significance was conducted. Through the analysis of stakeholder questionnaire responses, we have created the importance matrix for 20 ESG issues.

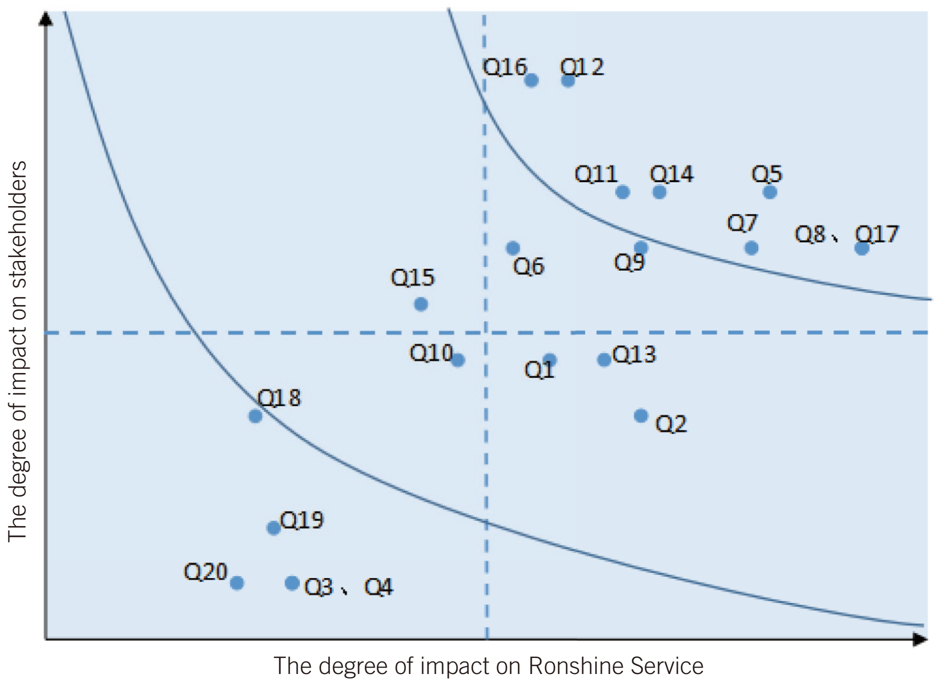


Figure: Analysis matrix of ESG-related important issues of credit financing services in 2023

Note:

In the above diagram, Q1=Emissions; Q2=Resource use; Q3=Environment and natural resources; Q4=Climate change; Q5=Employee recruitment; Q6=Employee's career development; Q7=Employee's physical and mental health; Q8=Employee's rights and interests; Q9=Supply chain management; Q10=Community activities and community culture; Q11=Customer/property owner's health and safety; Q12=Quality of products and services; Q13=Intellectual property protection; Q14=Information security protection; Q15=Community investment; Q16=Business compliance and standardization; Q17=Anti-corruption and anti-money laundering; Q18=Board supervision; Q19=Risk identification; Q20=Regular communication.

The matrix chart depicts the degree of impact on Ronshine Service on the horizontal axis and the degree of impact on stakeholders on the vertical axis. We divide the important issues into three levels: the top right area represents "Very Important", the middle area represents "Important", and the bottom left area represents "Less Important". The results show that employee recruitment, employee's physical and mental health, employees' rights, anti-corruption and anti-money laundering, information security protection, quality of products and services, business compliance and standardization, and customer/property owner's health and safety are the most important issues. Based on the ESG materiality assessment results, we will provide detailed disclosures on the key issues in the corresponding sections to better respond to the concerns and expectations of our stakeholders.

ACHIEVING COMPLIANT OPERATIONS

Information Security and Privacy Management

The Group is dedicated to safeguarding customer data and privacy. We rigorously adhere to the Network Security Law of the People's Republic of China, along with the regulations such as the Regulations on Protection of Personal Information of Telecommunications and Internet Users, Regulations on Protection of Computer Software, Registration Methods of Computer Software Copyrights, Mobile Internet Personal Privacy Policy, Personal Information Protection Law of the People's Republic of China, Interim Regulations on the Management of Internet Sites Engaged in News Publishing Business, as well as the Regulations on the Security Protection and Management of Computer Information Networks and Internet International Networking, Information System Security Protection Level Classification Criteria, and Principles for Categorizing Specialized Products for Information System Security.

Simultaneously, the Group has enhanced its information security protocols, developing and enacting a range of internal policies on information protection and security management, including the Information System Security Management System, Internet Use Regulations, and Log Management System. These policies are regularly updated and refined in alignment with the Company's evolving needs. The scope of these regulations spans from system access control, issue resolution and emergency response, to network security, server room management, and data backup and recovery, aiming to bolster information security from a managerial perspective and offer explicit guidance to our employees. Throughout the Year, the Group did not encounter any complaints regarding customer data breaches or privacy violations.

<table>
<tr><th>No.</th><th>Name of systems</th><th>Effective date</th><th>Adjusting ways</th><th>Contents of revision</th><th>Notes</th></tr>
<tr><td>1</td><td>RS-XX-001 Account and Password Management Guide on Infrastructure Information System (A1)</td><td>2022-11-1</td><td rowspan="7">Revision</td><td>Revising some contents according to additions to system</td><td>For external audit use</td></tr>
<tr><td>2</td><td>S-XX-002 Log Management System (A1)</td><td>2021-10-1</td><td>Revising some descriptions</td><td>For external audit use</td></tr>
<tr><td>3</td><td>RS-XX-005 Management Measures for Office Software Installation (A2)</td><td>2022-10-1</td><td>Revising some contents according to additions to system</td><td>For external audit use</td></tr>
<tr><td>4</td><td>RS-XX-008 Information System Security Management System (A1)</td><td>2021-10-1</td><td>Revising some contents according to additions to system</td><td>For external audit use</td></tr>
<tr><td>5</td><td>RS-XX-010 Internet Use Regulations (A1)</td><td>2021-10-1</td><td>Revising some descriptions</td><td>For external audit use</td></tr>
<tr><td>6</td><td>RS-XX-011 Software R&D Management Measures (A1)</td><td>2021-7–1</td><td>Adjusting to AI version after one-year trial operation</td><td>For external audit use</td></tr>
<tr><td>7</td><td>RS-XX-015 IT Lines Management Measures (A0)</td><td>2022-9–1</td><td>Adjusting to AI version after one-year trial operation</td><td>/</td></tr>
<tr><td>8</td><td>RS-XX-009 Internet Security Management System (A0)</td><td>2020-6–1</td><td rowspan="6">Deletion</td><td rowspan="5">Server and data base have been uploaded onto Huawei Cloud which has the functions of backup, recovery and emergency handling, so it was proposed to delete these systems, regulations and measures.</td><td>/</td></tr>
<tr><td>9</td><td>RS-XX-003 Security Incidents Handling Regulations (A0)</td><td>2020-6–1</td><td>/</td></tr>
<tr><td>10</td><td>RS-XX-004 IT Public Emergency Response Procedures (A0)</td><td>2020-6–1</td><td>/</td></tr>
<tr><td>11</td><td>RS-XX-006 Central Office Management Measures (A1)</td><td>2021-10-1</td><td>/</td></tr>
<tr><td>12</td><td>RS-XX-007 Management System for Data Backup and Recovery of Information System (A0)</td><td>2020-6–1</td><td>/</td></tr>
<tr><td>13</td><td>RS-XX-012 Operation Instruction on Requirement Changes (A0)</td><td>2020-6–1</td><td>Relevant contents have been consolidated into the Software R&D Management Measures, so it was proposed to delete the instruction.</td><td>/</td></tr>
</table>

Figure: Revision of Ronshine Service's information security management system

Furthermore, the Group will rigorously assess the information security landscape and establish multiple channels for our property owners to voice complaints, report incidents, or offer suggestions and feedback. Should any breaches of laws and regulations be detected, appropriate sanctions will be imposed based on the severity of the infraction. In severe cases, matters will be escalated to judicial authorities for further action. We are committed to safeguarding the confidentiality of whistleblowers' personal information and guarantee a prompt review and response upon verification of the facts.

Continuing to Promote Anti-corruption

The Group maintains a zero-tolerance policy towards corruption, firmly combating corruption and bribery in any form. By consistently enhancing integrity construction, reinforcing ideological guidance, refining the management system, and actively adopting the working principle of "dare not corrupt, cannot corrupt, and do not want to corrupt," the Group is fostering a clean cultural environment and promoting an atmosphere of integrity and exemplary governance within the industry. We adhere to the Company Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China, the Interim Provisions on the Prohibition of Commercial Bribery, and other pertinent laws and regulations. We have developed and rigorously enforce the Gift Reporting System, the Code of Conduct for Employees, the Internal Audit System, and other policies to enhance our integrity framework. Additionally, we take strong measures against money laundering and commercial bribery. We comply with the Interpretations of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Application of the Law to Criminal Cases of Corruption and Bribery, the Notice of the Supreme People's Court and the Supreme People's Procuratorate on Printing and Distributing Opinions on Several Issues Concerning the Application of the Law to Criminal Cases of Commercial Bribery, the Measures for the Supervision and Administration of Financial Institutions Against Money Laundering and Terrorist Financing, and the Interim Provisions of the State Administration for Industry and Commerce on the Prohibition of Commercial Bribery and the Opinions of the State Administration for Market Regulation on the Implementation of the Regulations on Optimizing the Business Environment. In 2023, the Company did not have any litigation cases involving corruption, bribery, extortion, fraud, or money laundering.

The Group has established efficient reporting channels and developed policies such as the Employee Reporting System to motivate its employees to report or voice concerns about fraud or violations they discover or become aware of. The Group offers a range of reporting channels, such as telephone, SMS, WeChat, email, fax, or letter, to facilitate "Honest Reporting" from its employees, suppliers, and other relevant stakeholders. The Group is committed to fully protecting the rights and interests of whistleblowers, ensuring the confidentiality of their personal information and the details of their reports, and providing timely updates on the progress of investigations. If whistleblowers significantly contribute to preventing damage to the Company's reputation or to the timely recovery of economic losses, they will receive appropriate rewards based on the outcome. We rigorously maintain the confidentiality of the whistleblower's information and strictly forbid any retaliation or framing of the whistleblower. Should such incidents occur, the involved individuals will face disciplinary actions proportional to the severity of the offense.

During the Year, the Group intensified its focus on anti-corruption training. From 9 to 10 April 2023, the Group conducted its seventh Cadre Training Camp in Fuzhou, focusing on the principles of clean governance. A total of 65 management cadres at the level of good and above attended the training, achieving a training satisfaction rate of 96.4%. The internal training on clean governance has significantly enhanced the integrity of our management cadres and bolstered the team's commitment to integrity and self-discipline.

Figure: The 7th Cadre Training Camp of Ronshine Service – Anti-corruption Training

In 2023, the Group conducted two rounds of anti-corruption training in May and November with a total of 24 training sessions at the regional company level, involving all functional employees and project management personnel. A total of 545 people participating in the training, with a comprehensive training satisfaction rate of 98.86%. The project-level Anti-corruption Training has covered all our employees.

Figure: Anti-corruption Training Held by Ronshine Service's Information Engineering Company

Build a Brand Promotion System

To eliminate false or exaggerated advertising and protect the legitimate rights and interests of our customers, the Group strictly monitors the content of advertisements, ensuring that they are truthful, legal, scientific, and accurate, and avoiding any seriously false advertising and complies with the Anti-Unfair Competition Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, the Advertising Law of the People's Republic of China and other relevant laws and regulations and industry standards. To enhance the operation and management efficiency of our new media platforms, ensure the authority, timeliness, and accuracy of promotional information, and improve the management of content publishing on these platforms, we have formulated the "Guidelines for New Media Platform Operations and Management", "Call for Articles and Incentive System for the Monthly Magazine <Ronshine News>", "Ronshine Property Services Group Know-how Handbook (2023 Edition)", "Ronshine Service Planning Guidelines on Branding", "Ronshine Service Holding Guidelines on Media and Public Opinion Management" and other relevant policies, which regulates the production, review, and publication of information. All of our publicly released marketing materials, such as brochures, leaflets, social media posts, and marketing materials, undergo careful review to ensure that the content is accurate, truthful, not exaggerated, compliant with relevant laws and regulations, and properly describes the products and services of the Group, as well as protect the legitimate rights and interests of our customers. The Group supervises the media management of units at all levels, aiming to ensure that the Group's trademarks are properly protected and not misused while the business and brand value is promoted. We issue statements or announcements to clarify rumors to prevent false or misleading information from affecting the reputation of the Group, also take legal action when appropriate, to protect our customers and the Group from harm.

In terms of brand promotion, we adopt a combination of internal and external communication strategies. For internal communication with our staff, we have established an interconnected promotion system through corporate newsletters, official social media accounts, and corporate website. In addition to text and image-based promotions, we have also incorporated multimedia formats such as videos to enhance the overall media presence. Furthermore, we encourage active participation from all staff across the organization to share and promote our brand, thereby effectively amplifying the reach and impact of our brand promotion efforts. For external customers and industry organizations, we actively collaborate with external media to establish close cooperation and maintain stable external promotion co-operation. We work closely with nationwide and local property associations, participate in activities organized by property associations at all levels, and actively submit articles to form regular professional promotion. Our investment in human and financial resources for external promotion mainly includes the China Property Management Institute and property associations of regional companies and project sites throughout China, promotional coverage by national media organizations, as well as the launch of community cultural activities in major projects nationwide.

As for the establishment of the brand utilization management system, we have followed the Administrative Measures for Online Advertising by formulating the New Media Operation Platform System to maintain rational, objective, reasonable and practical content publicity; and formulated the Ronshine Service Holding VIS visual identification manual to unify the brand identification system and build a distinctive and unique brand character for Ronshine.

At the same time, we rigorously manage the external communication of our brand on a daily basis. We are constantly promoting a three-tier control system involving the Group-region-project to regulate a unified approach to external brand promotion. We have established the Ronshine Service WeChat communication matrix to expand the scope of external communication and continue to implement media sentiment management and the spokesperson system, strictly control external public opinion and ensure a positive direction of discourse to maintain a favorable image and excellent reputation of Ronshine Service.

Value Intellectual Property

While protecting our own intellectual property rights, the Group advocates for the full respect and protection of the intellectual property rights of others and works to prevent any infringement on their intellectual property rights.

We strictly observe the Copyright Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Patent Law of the People's Republic of China, the Civil Code of the People's Republic of China, the Intellectual Property Law of the People's Republic of China and other relevant laws and regulations, and establish the internal Intellectual Property Management Handbook within the Group to regulate and strengthen our management of intellectual property, protect all developed technologies, and promote the development, protection, and application of our products.

DELIVER PREMIUM SERVICE

Since the establishment, Ronshine Service has been dedicated to the service commitment of "dependable and trustworthy property" (「物有所依，業有所託」). With the sincere attitude and the goal of building sustainable communities, we fulfill our corporate social responsibilities as we improve the service quality, safeguard the health and safety of customers, value the relationship with customers, care communities and adopt the responsible procurement policy, as well as promote these practices to the supply chain.

Enhance Customer Satisfaction

Ronshine Service adheres to the service tenet of "working hard to bring satisfaction and affection to our customers (用心讓您滿意，努力讓您感動)", continuously provides standardized and professional high-quality services, comprehensively enhances the professional capabilities of service practitioners, so as to meet the personalized needs of owners and customers. Meanwhile, we strengthen the quality and level of our services, relentlessly explore new service models, enhance service standards, provide high-quality services to owners, to meet the diversified needs of the business, and comprehensively build a smart community and urban service platform. Ronshine Service has formulated property service guidelines including the Guidelines for Customer Relationship Management and the Guidelines for Decoration Management to further promote the construction of a service standard system to enhance the quality and standard of services.

We make effort to offer high-standard service experience covering the whole process from delivery to moving in and maintain a fine living environment, to safeguard the rights and interests of customers. We strictly regulate the workflow of customer complaints and inquiries, and have set specific standards and requirements for each process through the Ron-intelligent management platform, including the customer's work order filling, acceptance and feedback, processing, and feedback confirmation, etc., to promptly respond to customers' needs and efficiently solve customers' problems.

We are committed to promoting standardization construction to provide customers with better services. On 30 June 2023, Ronshine Service further strengthened its own standardization construction level, and comprehensively upgraded its quality management system by updating the following 12 customer service guidelines: RSI-K01-01 Guidelines for Customer Relationship Management, RSI-K01-02 Guidelines for Community Culture and Social Organizations, RSI-K02-01 Guidelines for Customer Satisfaction Survey, RSI-K03-01 Guidelines for Handling Customer Complaints, RSI-K03-02 Regulations for Collection of Customer Items, RSI-K03-03 Guidelines for Management of Vacant Rooms, Smart Cards and Keys, RSI-K03-04 Guidelines for Management of Customer Files/Data, RSI-K05-01 Guidelines for Renovation Management, RSI-K06-01 Guidelines for Merchant Management Services, RSI-K07-01 Guidelines for Operation on the Use and Management of Dual Funds for Projects, RSI-K04-01 Guidelines for Exit from Projects under Management and RSI-K08-01 Guidelines for Management of Corporate WeChat of Stewards.

Ronshine is committed to enhancing customer satisfaction by conducting ongoing third-party customer satisfaction surveys and following up on the survey results to truly and effectively understand the customers' demands to enhance the service quality in a targeted manner. In 2023, Ronshine Service commissioned FG Consulting Co., Ltd. to carry out a third-party satisfaction survey on the projects under its management with a delivery period of five years or less, achieving a comprehensive property score of 82.5 points, much higher than the industry average score of 67 points, and demonstrating its industry-leading position. In addition, on 28 February 2023, Ronshine Service set up the 400-customer management centre to conduct an internal satisfaction survey on projects under Ronshine's management with a delivery period of more than five years as well as co-operative projects, and the comprehensive property score was 75.9 points.

Create Health and Safety Environment

Safeguarding the health and safety of customers and maintaining the order of communities is the fundamental element of high-quality property services. We regard the safety of our customers and the creation of a healthy and safe environment as key issues, and endeavor to provide our customers with reassuring and comfortable living environment. We adhere to the Safety Production Law of the People's Republic of China and the Fire Services Law of the People's Republic of China, requires property service personnel to faithfully implement the works for preventing fire accidents, thefts, and explosion accidents and to report every type of emergency and take appropriate actions, advances regular safety education and inspections, supervises the development of special improvement plans, and eliminates potential safety risks. In addition, we guide customers to use facilities and equipment in compliance with standards and instructions by posting safety promotion posters, regularly organizing safety lectures and other means, to effectively safeguard the safety of customers.

Build Sustainable Supply Chains

In order to establish long term mutual beneficial cooperation with suppliers, optimize supply chain management and ensure quality of goods and services, the Group complies with the laws and regulations such as the Civil Code of the People's Republic of China, the Tendering and Bidding Law of the People's Republic of China, the Government Procurement Law of the People's Republic of China and the Anti-Unfair Competition Law of the People's Republic of China, and has developed its internal policies including the Supplier Management System, the Supply Chain Management System and Bidding Procedure Management System to strictly regulate the process of supplier identification, registration, evaluation, shortlisting and selection, so as to adhere to the principles of openness, justice and fairness in procurement and maintain a good business environment.

According to our Supplier Management System, suppliers proposed to be added to the database must complete the Supplier Information Registration Form, Supplier Environmental/Safety Behaviour Investigation Form and sign the Supplementary Agreement on Environmental/Occupational Health and Safety Management, Integrity Co-operation Agreement, and in addition to providing the business license, etc., the relevant manager of our Company will conduct the pre-qualification review of the new suppliers after receiving the above signed information returned, and arrange for the inspection of the suppliers who have passed the pre-qualification. The introduction assessment of a new supplier includes, but is not limited to, goodwill investigation, qualification examination and on-site assessment. In the course of the introduction assessment of a supplier, the supplier shall not be allowed to proceed to the next assessment session if the goodwill investigation or information examination has not been passed.

We pay close attention to the compliance and transparency in the process of supplier cooperation, and strive to achieve mutual beneficial operation through fair transactions based on mutual trust and respect. We encourage and require suppliers to maintain integrity and self-discipline and put an end to any behavior that violates business ethics, and demand suppliers to sign an Agreement on Clean Cooperation with us. On 15 June 2023, we accomplished the revision, publication, promotion, and Q&A for three supply chain systems (RS-YY-024 Supplier Management System (Version A3), RS-YY-025 Tender Management System (Version A3), RS-YY-037 Supply Chain Management System (Version A3)) and 28 forms, further improving and refining the weak points and deficiencies in the supply chain system.

During the Year, the Group had 1,405 suppliers categorized in outsourcing services, provision of materials and engineering maintenance. The geographic distribution of the Group's suppliers is set out below:

Table: Supplier-related Key Performance Indicators (KPIs)

Number of suppliers by region	Number of suppliers in 2023	Number of suppliers in 2022	Changes in number
North Fujian	**315**	272	43
South Fujian	**253**	215	38
Zhejiang and Jiangxi	**296**	143	153
Shanghai and Jiangsu	**234**	173	61
Sichuan and Henan	**307**	208	99
Total	**1,405**	1,011	394

Communicate with Customers Promptly

Providing excellent customer service is one of the core elements of our business behavior. Ronshine Service is committed to protecting the legitimate interests of its customers, stressing the importance of customer-oriented practices, improving the service awareness and the initiative, timeliness and effectiveness of complaint handling and strictly follows the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, the Regulation of the People's Republic of China on Realty Management and other relevant laws, and develops a series of internal policies, relating customer services, to improve the customer complaint management mechanism. The Group requires its staff to listen to customers and understand their needs to ensure that we can communicate closely with them. We have developed various customer relationship establishment and maintenance channels, which include owner committee communication meetings, customer meetings, the Property Service Open Day, customer communication meetings and community activities. In addition, we have a dedicated customer service centers communicate with customers on the regular basis to understand their needs, solve problems for them and maintain a good relationship with them.

In addition, Ronshine Service has set up the Group's 400 Customer Management Centre (nationwide customer service hotline 400-023-8856) on 28 February 2023, which operates daily from 8:00 a.m. to 8:00 p.m. to serve the needs of customers, and is always available to help customers with their concerns and solve their problems immediately. In addition to our 400 hotline, we also provide a number of smooth service complaint channels for our customers (24-hour service hotline of customer service centers, the WeChat platform of the mobile manager, the WeChat of stewards, WeChat groups and the Ron-intelligent service platform) to lodge complaints, and have clearly specified the complaint handling process in our the Guidelines for Customer Relationship Management and the Guidelines for Handling Customer Complaints policies, and set up a dedicated department to handle service complaint-related matters, develop and implement improvement plans, guidelines and standards. We require our staff to proactively handle customer complaints, analyze, review, and summarize customer complaint issues, to initiate investigations following complaint feedback and to follow up on customer feedback on an ongoing basis, thereby improving customer satisfaction. Ronshine Service has developed a comprehensive process for handling customer complaints, feedback, and work orders to efficiently address customer pain points and difficulties, and to promote a closed-loop solution to customer needs, which has become the unremitting impetus for Ronshine Service's quality improvement.

To promote customer demand and satisfaction survey, we have developed internal policies such as the Customer Satisfaction Survey and Analysis Procedures to obtain the latest information on customer satisfaction and collect feedback from customers. During the Year, the Group achieved a customer service satisfaction rate of 82.5% and received a total of 5,537 complaints, with processing rate of 98.50%, representing a further increase of 4 percentage points from 2022.

Table: Number and processing rate of complaints received by Ronshine Service

Number of complaints received	Unit	Data for 2023	Data for 2022
Number of complaints received	Time	**5,537**	3,341
Processing rate of complaints	Percentage	**98.5%**	94.5%

Protect the Privacy of Customer Data

Ronshine Service attaches great importance to protecting customer privacy and safeguarding information security. With strict compliance with the relevant laws and regulations, such as the Cybersecurity Law of the People's Republic of China, the Provisions on Protecting the Personal Information of Telecommunications and Internet Users, the Regulations on Protection of Computer Software, the Measures for Registration of Computer Software Copyrights, the Personal Privacy Policy for Mobile Internet and the Personal Information Protection Law of the People's Republic of China, Ronshine Service has developed and implemented a series of internal policies on information protection and information security management, including the Guidelines on Customer Records/Data Management, the Measures for Information System Security Management, the Rules for Internet Use and the Measures for Log Management, ranging from system access control, system problem handling and emergency treatment, network guarantee, computer room management to data backup and recovery, aiming to further advancing the construction of information security management system and providing clear guidelines. During the Year, the Group did not receive any complaints about customer information leakage or privacy infringement.

We implement a variety of initiatives to protect the safety of the information and privacy of our customers, employees, and business partners, including:

➢ conducting regular information security checks and penetration tests to strengthen network security and fix critical loopholes;

➢ requiring all the relevant departments to regularly maintain the infrastructure of hardware and software, communication equipment and information systems required for the provision of services, adopt incremental/full backup rules, and implement a strict confidentiality system;

➢ establishing a regular information system risk assessment mechanism and security monitoring mechanism to continuously monitor the operation of information systems and regularly assess risks;

➢ establishing a standardized management system for data security, enhancing the security awareness of our employees through training and promotion, and conducting regular reviews on the effectiveness of privacy protection policies, related procedures, and security measures;

➢ ensuring that our customers are clear about the purpose of our collection of their personal information, where we use it and how we manage it, and that we are authorized to collect, store, and use customer information in advance;

➢ prohibiting unauthorized printing, copying, or access to customer data, protecting computer-stored customer data with a required password, and changing the password for electronic customer data quarterly by the project customer service manager and only for use by stewards. If other lines of business need customer data, the appropriate stewards may provide it on a limited basis as needed, and physical copies of customer data should be centrally archived and securely maintained in a locked project file room;

➢ Keeping passwords and data cabinet keys with dedicated personnel and establishing a management system to ensure proper access to customer data during business hours;

➢ establishing a system log tracking, recording, and reviewing system to technically identify and fix security loopholes, and clearly assigning responsibility to designated personnel.

In addition, Ronshine Service will review its information security status across the organization and open a number of reporting channels for property owners to complain, report or provide suggestions and feedbacks to us. If any illegal or non-compliant behaviors are found, corresponding penalties will be imposed depending on the severity of the consequences, and the case will be transferred to judicial authorities for investigation for accountability purpose if the consequences are really serious. For the whistleblowers, we promise to look into the case and reply to them as soon as we find out the truth.

PROVIDE EMPLOYEE CARE

Employees are an important force to promote the Group's sustainable development. We are committed to creating an equal, safe, healthy, and comfortable working environment for every employee. The Group observes the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Social Insurance Law of the People's Republic of China, the Provisions on the Prohibition of Using Child Labor, the Law of the People's Republic of China on the Protection of Minors and other local laws and regulations for labor and social security. We formulated a series of internal clear management systems to fully respect and protect the basic rights and interests of every employee, so that employees can develop together with Ronshine. We actively create a harmonious, inclusive, fair and diversified working environment to effectively protect the rights and interests of employees. We have employees from different backgrounds to achieve a balanced distribution in age group, gender and region. In the future, we will continue to improve the employee structure and management system to provide sufficient talent resources for further development.

During the Year, the Group did not report any non-compliance with the laws and regulations relating to recruitment and labor rights. As at 31 December 2023, the Group had a total of 5,342 employees engaged at the operating sites within the reporting scope, of which 2,435 were male and 2,907 were female, representing an increase in the overall turnover rate of employees as compared to 2022.

Table: Staff Employment Related KPIs

Indicator	Number of staff in 2023	Number of staff in 2022	Staff turnover rate in 2023	Staff turnover rate in 2022
Staff	**5,342**	4,620	**19.65%**	18.78%
By gender				
Male	**2,435**	2,435	**20.24%**	17.68%
Female	**2,907**	2,185	**19.14%**	19.96%
By age group				
≤30	**682**	811	**27.29%**	28.10%
30-50	**2,425**	2,369	**16.64%**	14.66%
≥50	**2,235**	1,440	**20.21%**	19.28%
Total staff (by employment type)				
Full-time	**5,342**	4,620	**19.65%**	18.78%
Part-time	**0**	0	**0.00%**	0.00%
By region				
Headquarters	**53**	65	**11.67%**	16.67%
Northern Fujian	**1,078**	1,308	**13.83%**	11.20%
Southern Fujian	**1,428**	1,206	**19.09%**	14.04%
Zhejiang and Jiangxi	**686**	710	**21.78%**	22.83%
Shanghai and Jiangsu	**369**	417	**17.82%**	26.46%
Sichuan and Henan	**902**	445	**15.78%**	20.96%
Hemei Hairun	**607**	469	**32.18%**	30.72%
Information engineering	**219**	/	**6.81%**	/

Note: There is no data for information engineering management companies for the year 2022.

Compliance with Employment Laws and Regulations

The Group has always been committed to providing equal opportunities for every employee, ensuring that the whole talent management process is open and transparent, and will never tolerate any discrimination. We treat all employees equally and strictly abide by the relevant laws and regulations of the place where we operate. In the Rules for the Management of Internal Competitive Selection, the Employee Promotion and Advancement Management Rules and the Recruitment Management Rules, we set clear provisions that discrimination in recruitment, remuneration package and promotion due to employees' ethnic group, political group, sexual orientation, age, religious belief, gender, nationality, race, marital status and other social identities are prohibited. Among other things, we revised and updated the Employee Promotion and Advancement Management Rules in June 2023, mainly for the purpose of strengthening the management of the Company's talent development and standardizing the process and criteria for the selection and appointment of talent within the Company. We strictly abide by the Provisions on the Prohibition of Using Child Labor, the Regulations of the People's Republic of China on Special Protection of Under-age Workers, the Labor Contract Law of People's Republic of China (PRC) and relevant overseas laws and regulations to establish labor relations with employees. During the Year, the Group did not report any employment of child labor or forced labor.

The Group explicitly prohibits forced labor and the employment of child labor, adopts a zero-tolerance attitude and attaches importance to its prevention. We sign labor contracts with all regular employees, internship agreements with interns or employment contracts with temporary workers to ensure that all signed contracts are still valid. In the stages of selection, recruitment approval and enrollment, we will thoroughly check all kinds of documents and files proving the age of the applicants, and take effective measures to verify their age, including checking identity documents and academic qualifications, so as to ensure that the applicants reach the legal working age and put an end to child labor or forced labor and other forms of illegal employment. We prohibit any form of forced labor to ensure that all employees work out of free will and will not force employees to extend their working hours. Further, in the event of violations of the labor standards, the Group will immediately initiate remedial measures, such as stopping the employees' work and sending them to hospital for physical examination, and also notify the local labor bureau.

In terms of resignation, both the Group and the employees have the right to terminate the labor contract. The Employee Handbook formulated by the Group has clearly set out the appropriate procedures for resignation, termination of employment relationship and dismissal. When employees ask for resignation, relevant personnel will have interview with them for the reasons for their resignation. If the employees are in need or other difficulties, we will try to support them and solve their problems, and do our best to retain them.

Provision of Diverse Benefits

The Group has formulated internal systems such as the Employee Handbook, the Benefits Management System, the Performance Management System to standardize the Group's salary and welfare management and implement a comprehensive salary management system based on performance and contribution to provide employees with a fair, reasonable and competitive salary and welfare system. The Group will evaluate the remunerations every year, and formulate remuneration standards with reference to the industry average and internal remuneration system, so as to provide employees with competitive remunerations in the industry. In order to improve the employees' motivation, the Group will offer appropriate incentives according to their contribution to the Company, performance and capability.

The Group offers a variety of benefits for employees to attract and retain outstanding talents. In terms of statutory benefits, we comply with national or local regulations, and provide all employees with statutory holidays and social insurance, including pension, medical insurance, unemployment insurance, work-related injury insurance and housing provident fund. In terms of basic benefits, all employees enjoy holidays, including statutory paid leaves, annual leaves, work-related injury leaves, marriage leaves, maternity leaves, breastfeeding leave and paternity leaves. In terms of gift benefits, all employees can enjoy all kinds of cash benefits, such as festival cash gifts, wedding gift envelopes, birthday cash gifts, luck money for starting work and other cash benefits. In terms of special benefits, we also provide labor benefits including physical examination, subsidies for working in high temperature and other labor benefits. In addition to the above benefits, we also present staff care and sympathy activities to employees, for instance, Mid-Autumn Festival activities, quarterly staff birthday party, Women's Day activities and Christmas activities.

For female employees, we provide protection during menstruation, pregnancy, childbirth and breast feeding period with corresponding holidays and benefits according to law. During menstruation, they can take leave based on their physical conditions; during pregnancy, they can undergo prenatal examinations and take maternity leave in accordance with local policies; during childbirth, those who meet the national birth policy can apply for maternity leave with a hospital certificate, and the specific maternity leave days are based on local policies; during lactation, those who meet the national birth policy can enjoy one hour of breastfeeding leave per day for infants under one year old. Female employees enjoy a half-day Women's Day holiday on March 8th every year, celebrate on the afternoon, such as making handicrafts and flower baskets, and carry out women's health knowledge publicity and beauty lecture activities.

Proactive Communication with and Care for Employees

The Group attaches great importance to communication with employees, and establishes diversified communication channels to know their inner thoughts in time through barrier-free communication, employee relations specialist, earnest talks, email and other channels. We also have a sound communication mechanism and complaint channels for employees to offer their advice, raise complaints or report. In addition, the Group will hold employees' meetings and dialogue with senior management from time to time, so as to promote direct communication between management and frontier employees, listen carefully to employees' requirements and give timely feedback, and continuously improve employees' satisfaction and sense of belonging.

In order to enhance employees' sense of belonging, the Company built a communication platform to enhance the cohesion, Ronshine Service established the general manager's mailbox to receive employee opinions or suggestions on enterprise management, workflow and performance improvement, and complaints about unacceptable behaviors, and an employee relations specialist will check the mailbox every week and sort out the problems. For meaningful complaints, we will turn them to the problem-related departments for collaborative handling, issue feedback opinions or rectification plans within one week, and provide the feedback to the complaining employees. Employees can also call our 400 service hotline, and the employee relations specialist will solve relevant problems for them.

We also held regular staff talks to comfort our frontline employees, listened to their voices, understood their demands, solved their problems, enhanced their satisfaction and created a good interpersonal atmosphere.

Contributing to Talent Development

Ronshine Service attaches great importance to the growth and development of its employees, and has established a "Five-tier Ron Talents" training system to carry out targeted empowerment and talent cultivation for employees at different levels within the Group. 13 specialized training sessions on talent development were held for a total of 318 participants in 2023, with a comprehensive training satisfaction rate of 98.78%.

Table: Summary of training information of Ronshine Service in 2023 (by staff level)

Training hours for employees at each level	Unit	Data for 2023	Data for 2022
Average training hours for senior management	Hour/person	**11.2**	10.1
Average training hours for middle management	hour/person	**14.5**	13.6
Average Training hours for general employees	Hour/person	**20.1**	17.6
Average Training hours for employees	Hour/person	**19.6**	19.6
Average training hours for male employees	Hour/person	**20.0**	20.3
Average training hours for female employees	Hour/person	**20.1**	18.9
Percentage of senior management trained	%	**100**	100
Percentage of middle management trained	%	**98.6**	98.9
Percentage of general employees trained	%	**96.7**	96.8
Percentage of female employees trained	%	**97.5**	97.4
Percentage of male employees trained	%	**96.3**	96.5

Among them, we held six orientation training camps for new employees (orientation training, institutional culture, industry foundation, software operation, etc.), with a satisfaction rate of 99.51%, and carried out five elite training camps for handling comprehensive managers and professional managers (job skills improvement, professional ability enhancement and comprehensive ability strengthening), with a training satisfaction rate of 98.94%. The Group headquarters held a rookie-elite training camp for new employees and professional managers (things to know and understand, systems and processes, job skills improvement, and quality and ability enhancement), with a training satisfaction rate of 98.98%, and conducted a training camp for capable-general level or above (leadership, management ability, thinking and cognition, etc.), with a training satisfaction rate of 96%.

To ensure the quality of training, the Ron Talent Training Center has also formulated training management systems such as Management Measures for Ron Talent Management College, Training Management System, Management Measures for Internal Trainers, Management Measures for Internal Training Courses and Management Measures for Training Points, continuously revised and updated them. We continued to empower and encourage internal trainers, and effectively manage them, with their relevant certificates being reported and filed to the Human Resources Administration Center of the Group for uniform management and motivate. Meanwhile, the Company recruited internal trainers in stages to improve the key post courses and continuously improve the key post training course library.

On 9 to 10 April 2023, Ronshine Service held the seventh manager training camp in Fuzhou, during which Dai Peng, a teacher from Guangzhou Yiqichuang Management Consulting Co., Ltd., was invited to carry out an external expert course with the theme of "NLP Outstanding Leader Thinking and Development Practice". The course lasted for one day, and served 65 managers with a satisfaction rate of 96.38%. The course explained the profound in simple terms, combined with cases, interactions and discussions, and received unanimous praise of the participating managers.

Photo: Group Photo of the Seventh Manager Training Camp

In addition, in order to realize paperless office, we gave priority to online learning and training through online learning platform and adopt online sharing mode, in addition to necessary paper materials. We completed training courseware, training files and training tests through the online learning platform – Ronshine School, so as to minimize paper waste and reduce environmental impact. In 2023, Ronshine Service conducted a total of 2,236 online learning sessions, with online learning 53,712 hours.

Photo: Management Page of Ronshine School Learning Platform

Healthy and Safe Workplace

The Group regards employees as valuable assets, attaches great importance to their health and safety, strives to create a safe working environment for employees, and strictly observe the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, the Fire Protection Law of the People's Republic of China and other relevant laws and regulations. In order to enhance the staff's awareness of safety in production and standardize the management of occupational injury accidents, on 1 June 2023, Ronshine Service newly formulated the Operational Guidelines for Personal Injury Accidents, in accordance with the actual situation of the Company, the Company's Emergency Management Guidelines, and the Code of Conduct for Employees of Ronshine Service Holdings Co., Ltd., and the provisions of the National Employment Injury Insurance Regulations and related laws and regulations. The Guidelines require all subordinate companies to publicize the safety work rules in prominent positions in the office, organize regular safety production education and training, improve the safety awareness of staff, timely purchase social security, employment injury insurance and employer liability insurance for employees, clarify the handling procedures after injury, and make improvements to ensure the health of employees. During the year, the Group was not aware of any failure to comply with laws and regulations on providing a safe working environment. We have implemented multiple measures to ensure the employees' health and safety in many aspects. During the year, the Group lost 372 working days as a result of work-related injuries; there were no work-related fatal accidents during the year or in the past four years.

Table: Statistics on Work-related Injuries and Deaths at Work

Indicators	Data for 2023
Number of working days lost due to work-related injuries (days)	**372**
Number of work-related deaths in each of the past three years	**0**
Percentage of work-related deaths in each of the past three years	**0**

The Company pays great attention to employees' physical and mental health, and holds regular safety training and drills every year to ensure that employees can have a healthy and safe workplace.

In terms of employees' physical and mental health, the Company provides the following benefits for employees:

- Organize regular physical examination and free TCM clinic service for employees every year, and ask employees to pay attention to their own health status;
- Provide work-related injury leave for employees who are injured at work and confirmed as work-related injuries, and offer wages and benefits as usual;
- With a variety of activities organized regularly, we help employees to relieve the work pressure and safeguard their physical and mental health from multiple aspects.

For safety training drills, the Company conducted the following types of safety training and safety drills:

- Promote inspections of the construction safety, safety education and trainings and fire drills and other matters, to ensure the safety of employees;
- Organize safety drills, improve employees' self-protection ability and safety awareness, help employees master the skills to avoid suffer from emergencies, and improve their ability to cope with emergencies;
- Organize trainings for evacuation and escape from fires and fire drills, and invite firemen to explain fire prevention skills;
- Develop the Measures for Ensuring Safety in Extreme Weathers and other emergency response plans for fires, earthquakes, floods and other emergency events.

PROMOTING GREEN OFFICE

Ronshine Service is concerned with the harmonious development of mankind and nature. It has incorporated green concepts into its property management and daily operations, striving to create high-quality green property management in an effort to keep up with the national green development strategy. As a property management company, Ronshine Service does not have any significant negative impact on the environment and natural resources. We strictly observe the Environmental Protection Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes, the Energy Conservation Law of the People's Republic of China and other relevant laws and regulations, implement relevant internal systems, manage energy and resource consumption and waste discharge during the Group's corporate operations, enhance environmental management measures and environmental management systems, and take practical action to mitigate climate change, protect biodiversity, prevent water and soil pollution and maintain a healthy and sustainable ecological environment.

During the Year, the Group did not report any non-compliance with laws and regulations relating to environmental protection.

Reasonable Use of Resources

The Group attaches great importance to the efficient use of resources. While actively developing its business, the Group also keeps in mind the importance of green operations and continuously tracks the use of energy and resources in its daily operations so that resources can be utilized more effectively. We actively promoted the importance of environmental protection among our staff through publicity to raise their awareness of environmental protection, so that the concepts of energy saving, resource efficiency and green office can be put into practice. Therefore, we have adopted various measures such as purchasing energy-saving products, implementing energy-saving renovation plans and applying energy consumption monitoring equipment to incorporate environmental protection concepts into our daily operations. In 2023, the Company's energy consumption per unit of area under management was 20.36 MWh/ten thousand square metres and its water consumption per unit of area under management was 37.20 cubic metres/ten thousand square metres. In 2024, the Company plans to further implement energy and water conservation measures on this basis, striving to ensure that energy and water consumption per unit area does not exceed the indicators for 2023.

- *Energy conservation*

  Electricity is a major source of energy consumption for the Group during its operations. We use resources and energy wisely to achieve the targets of energy conservation and emission reduction. The Group implemented various measures during its operation, such as issuing notices relating to how to save energy and reduce emission, putting up posters and carrying out special plan for energy conservation and emission reduction to strengthen the awareness of energy saving and emission reduction among all staff; the requirement of turning off lights when leaving office and making sure no light is on for unnecessary use; turning off the computers, printers and other office equipment and cutting off electricity when getting off duty; setting reasonable temperature of air conditioners in office and making good use of natural wind; promoting green and low-carbon commuting manners by cycling and using public transport as much as possible.

- *Water conservation*

  During the Year, we did not have any problems in sourcing suitable water sources. All of the Group's water for operations comes from the municipal pipe network and is mainly used for daily services, properties, offices and greening. We have adopted in operation various measures to reduce water consumption, such as issuing notices on water saving, putting up posters to advocate water saving, strengthening daily maintenance and repair of water equipment and water supply system to avoid leakage; controlling the use of bottled drinking water on the basis of publicity and making a proper register for collection; making full use of water resources, improving water reuse and reducing sewage discharge.

Photo: Ronshine Service's Promotional Poster for Green Energy Conservation

Emission and Wastes Reduction

Greenhouse gas emissions are mainly derived from energy consumption in property management services in the course of operations. In order to reduce the negative impact on the environment, the Group is committed to enhancing the management of greenhouse gas emissions by incorporating energy saving policies and processes in the whole process of business. The relevant energy saving and carbon reduction measures are further explained in the "Use of Resources" section of the ESG report. Total greenhouse gas emissions for the Year were 41,257.79 tonnes of CO_2 equivalent. The greenhouse gas emissions per unit of area under management was 11.88 tonnes/ten thousand square metres. We plan to further promote the emission reduction plan in 2024, striving to control the greenhouse gas emissions per unit of area under management within 10 tonnes/ten thousand square metres.

We encourage the comprehensive use of waste items and improve solid waste management. For non-hazardous waste, the Group requires that office waste, domestic waste, food waste and construction waste be separated and recycled in accordance with relevant local government regulations. Through the signing of the "Contract for the Collection, Transportation and Disposal of Unit Domestic Waste", the appropriate third-party qualified waste disposal contractor is responsible for the collection and recycling of such waste, which is directly sent to landfills for proper disposal. For the small amount of hazardous waste generated, such as used ink cartridges, toner, fluorescent tubes and batteries generated in the Group's office area and communities, the Group collects and stores them separately and hands them over to qualified professional companies for disposal. We have a series of internal systems in place to regulate waste disposal and implement the 3R principles (Reduce, Reuse and Recycle), and dispose of waste legally and properly, with the aim of providing a pleasant living environment for property owners.

The specific measures taken by the Group to reduce waste are as follows:

In the communities:

- Enhance promotion and education, which enabled property owners to gradually establish the awareness of waste recycling, and the habit of separation for different types of waste;
- Place banners, posters, roll-up banners and notices at prominent locations of properties to promote the proper ways of domestic waste classification to residents;
- Set up waste classification stations within the communities and staff are deployed to give guidance to residents regarding waste classification;
- Designate disposal zones for large waste, renovation waste and construction waste within the communities, so that these kinds of waste will be disposed separately from the domestic waste;
- Carry out daily routine checks on the hygiene condition of each waste collection point and the effectiveness of classification, keep record of the inspection and carry out review and make improvements if necessary.

In the offices:

- Advocate the environmental policy of "everyone is responsible for environmental protection" by various means of propaganda, encourage employees to strengthen their awareness of environmental protection and create the strong atmosphere of environmental protection and energy conservation;
- Reduce use of paper by promotion of paperless office and office contact via email or electronic form;
- Encourage staff to prioritize refill replacement and reduce the consumption of office pens;
- Encourage staff to reuse envelopes, flipcharts, file cards and other office supplies.

Table: Emission-related Key Performance Indicators (KPIs)

Indicators	Data for 2023
NOx emissions (kg)	4.94
Sulphur oxide emissions (kg)	0.14
Particulate matter emissions (kg)	0.36
Total greenhouse gas emissions (tonne)	41,257.79
Greenhouse gas emissions per unit of area under management (tonne/ten thousand square metres)	11.88
Scope of direct emissions (Scope 1) (tonne)	20.77
Petrol (tonne)	20.77
Diesel (tonne)	0
Indirect emissions (Scope 2) (tonne)	41,237.02
Purchased electricity (tonne)	41,237.02
Total hazardous waste disposal (kg)	2,093.7
Waste ink cartridges (kg)	233.64
Waste toner cartridges (kg)	161.10
Waste fluorescent tubes (kg)	1,601.40
Waste batteries (kg)	97.56
Total amount of hazardous waste disposed of per unit area under management (kg/ten thousand square metres)	0.60
Total amount of non-hazardous waste disposed of (kg)	60,113.09
Domestic waste (kg)	32,052
Paper used at office (kg)	28,061.09
Total amount of non-hazardous waste disposed of per unit area under management (kg/ten thousand square metres)	17.32

Notes:

1. The 2023 emission performance indicators covers headquarters + subordinate companies (including functional departments and projects). The emission performance indicators disclosed in 2022 ESG report only include headquarters data, so the data between 2022 and 2023 are not comparable.

2. Based on the operational characteristics, the emissions of nitrogen oxides, sulfur oxides and particulate matters mainly come from gasoline and diesel oil consumed by the Company's vehicles, and the emissions are calculated according to How to prepare an ESG Report Appendix 2: Reporting Guidance on Environmental KPIs.

3. Based on the operational characteristics, the Company's greenhouse gas emissions mainly come from purchased electricity and vehicle fuel, including carbon dioxide, methane and nitrous oxide. The greenhouse gas is presented in terms of CO_{2e}, and is accounted for according to the Emission Factor of China Regional Power Grid Baseline of the 2021 Baseline Emission Factors for Regional Power Grids in the PRC published by the Ministry of Ecology and Environment of the People's Republic of China and the IPCC 2006 Guidelines for National Greenhouse Gas Inventories (2019 Revision) issued by the Intergovernmental Panel on Climate.

4. The hazardous wastes involved in our operation mainly include waste ink cartridges, toner cartridges, fluorescent tubes and batteries.

5. The harmless wastes involved in our operation mainly include office building domestic waste and discarded office paper, in which the domestic waste is estimated according to the headcount and the daily average production coefficient of domestic waste.

Table: Key Performance Indicators related to Energy and Resource Consumption

Indicators	Data for 2023
Total energy consumption (MWh)	70,666.86
Direct energy consumption (MWh)	0.09
Petrol (MWh)	0.09
Diesel (MWh)	0
Indirect energy consumption (MWh)	70,666.77
Purchased electricity (MWh)	70,666.77
Energy consumption per unit of area under management (MWh/ten thousand square metres)	20.36
Water consumption (cubic metre)	129,131.02
Water consumption per unit of area under management (cubic metre per ten thousand square metres)	37.20

Notes:

1. The 2023 energy and resource consumption-related key performance indicators cover headquarters + subordinate companies (including functional departments and projects), while the energy and resource consumption-related performance indicators disclosed in the 2022 ESG report cover only headquarters data, so the data between 2022 and 2023 are not comparable.

2. The energy consumption data are calculated according to the consumption of purchased electricity and vehicle fuel and the relevant conversion factors provided by the "General Principles for Calculation of Comprehensive Energy Consumption (GB/T 2589-2008)".

3. The water consumed by the Company is mainly supplied from the municipal water network, and there is no difficulty in sourcing suitable water.

4. The packaging materials are not applicable to the Company's business.

Responding to Climate Change

Responding to climate change and managing carbon emissions is currently one of the most pressing environmental issues in the world and a shared responsibility of all sectors. The Group actively identified the potential risks brought about by climate change and closely monitored the promulgation of national policies related to climate change and dynamic development trends to promote business development. Against the backdrop of global warming, meteorological disasters such as strong winds, cyclones, floods and heavy rainfall are becoming more frequent, which resulting a series of chain reactions such as power supply interruptions and urban flooding to bring about a certain degree of risks and impacts on the normal operation of the Company. To address the impact of climate change, the Group actively identified climate change risks and opportunities, and developed corresponding counter-measures such as regular inspections of facilities and equipment.

Based on the existing risk management system and subject to the latest laws and regulations, the Group has identified the following climate change related risks and developed the responding measures accordingly by reference to international standards and industry characteristics and development trends.

Table: Climate Change Risk Identification and Assessment Form

Risk Sources	Level of risk	Risk Impact	Responding measures
Acute risks (e.g. coastal flooding, mountain fire, extreme heat, extreme rainfall and super typhoons)	High	Personal injury, property damage, fire and waterlogging	• Develop disaster response measures; • Provide employees and property owners with disaster response training and escape drills; • Actively participate in environmental charity activities (e.g. planting trees) to mitigate global warming; • Strengthen staff awareness of heat stress related illnesses; • Provide additional cooling facilities for staff; • Develop water saving measures such as installation of water saving fittings, smart water meters, low-flow flush toilets, water leak detectors, etc.
Chronic risks (e.g. extreme hot weather, sea level rise)	High	Personal injury and property damage	
Risks relating to policies and regulations	Medium	Operational risk	• Track the latest laws and regulations relating to climate change and incorporate the same into its property management strategies; • Adopt best practices and refer to the latest guidelines in managing properties to enhance climate change resilience.
Market risk	Medium	Operational risk	• Reduce our own carbon footprint; • Continuously focus on the market demand for low carbon, green and energy efficient building industry and meet the needs of property owners in a timely manner; • Take into account the risks and opportunities relating to climate change.
Technical risk	Medium	Operational risk	• Track the latest property management technology in the market; • Regularly review the existing property management strategy and introduce new property management technology in due course.

CONTRIBUTION TO COMMUNITY AND SOCIETY

Loving the country and the Party

In 2023, Ronshine Service strengthened the leadership of the Party, and promoted the red property initiative to enrich the community life with a sense of duty and commitment. Centering on the gist of the 20th National Congress of the Communist Party of China (CPC), the Party branch of Ronshine Service actively participated in the Party-building initiatives led by higher-level street organizations, established the Party building structure and the "Ronxin Society" brand, and advanced the "Loving the Party together with Ronxin Society" themed campaign throughout the year. On significant dates such as the CPC Founding Day, the Army Day, the National Day and the Thanksgiving Day, Ronshine Service intertwined the essential concepts with the organization's brand connotation to promote public service activities in the process of Party education for understanding the Party's history, enabling a profound understanding of the Party's original mission, purpose, ideal and faith, and solidifying every member's belief in the Party's leadership and guidance.


Reading club


Sharing activity with subdistrict office


Public service activity

In the regular operation activities, Ronshine Service worked with the labor union to promote the "Employee Care Program", delivering warmth and support to employees by providing solutions for employees' work-related and personal issues. By visiting and drawing inspirations from the model workers, these two entities enhanced the program. Additionally, the labor union conducted investigations in the conditions of frontline employees to understand the challenges they were faced, and offered tailored assistance to alleviate their pressure.


Training


Visiting activity


Employee assistance program

Build a caring and affectionate community

In its relentless exploration and pursuit of better life, Ronshine Service takes into consideration customers' practical needs, and develops the "better life + culture" series community activities and the "Harmony Neighbor" culture on the basis of the "better +" service system, which covers all stages of life and all real-life scenarios and encompasses four-season events, namely "Ronshine Service", "Harmony Community", "Harmony Culture" and "Warm Winter". These events are instrumental in fostering deeper connections among residents, nurturing a culture of harmony and happiness, and establishing a distinctive community cultural identity, which boosts customer satisfaction and brand recognition, and elevates the community beyond a simple physical space, infusing it with the rich values of community culture and sustaining a continuous flow of innovation and vitality.

- With a series of events including New Year Blessings, Spring Cleaning, Lantern Festival Gathering, Fragrance and Elegance of Women's Day and Cultivating Green, the Ronshine Service campaign conveyed the message of renewal and growth to customers, forged a deeper emotional connection and reinforced their sense of being valued and cared, therefore enhancing satisfaction with the services provided.

- With Through diverse events including Caring Dragon Boat Festival, Harmonious Community Market Fair, Mothers as Heroines, Ronshine Fun, Childhood Memories and Support to Candidates for Entrance Exams, the Harmony Community season highlighted the pursuit of a fulfilling life, concentrated on children's growth and seniors' leisure life and sense of pleasure, cultivating a living environment of harmony, friendliness, warmth and peace and strengthening the bonds within the community and among neighbors and the trust in property services.

- With love and passion, the Harmony Culture season aimed to accompany children with interactive, caring and entertaining activities, such as Ronshine Special Summer Plan, Summer Camp, Starry Film Festival and Cool Summer Surprise, bringing precious memories and harmonious moments to both parents and children. Additionally, by blending the traditional culture with trending holidays, such as Celebration of New Term, Family Feast of Love and Happiness, and Mid-Autumn Carnival, the season highlighted warm and inviting experience, strengthened the brand image and therefore enhanced customer satisfaction.

- The Warm Winter campaign focused on safety issues as incidents tend to rise in the fourth quarter, and remained committed to ensuring that customers would enjoy a comfortable and warm winter, with attentive care to meet their needs. By a variety of special events, including National Day Safety Inspection, 119 Full-scale Safety Exercise, Greetings to the Elderly on Chongyang Festival and Warm Winter Initiative, the season raised safety awareness among customers and further enhanced the sense of security and festive engagement.

Maintaining green community

Firmly committed to the concept of green community, Ronshine Service maintained the green spaces within communities through "introducing innovative service solutions", which better aligned with the philosophy of environmental sustainability and enabled customers to enjoy a green and comfortable life.

➢ Along the main roads, the dense shrubberies block sunlight from reaching the grass beneath, causing the grass underneath to wither and leaving large areas of bare soil, an issue affecting many community projects. The Ronshine Service team at Haining Lanting Project, led by the manager, planted ophiopogon japonicus by division propagation and cutting propagation based on the characteristics of ophiopogon japonicas, covering the shaded areas beneath the shrubs, effectively preventing soil erosion and heightening the visual effect of the green landscape. Moreover, this planting strategy helped to keep the soil in place during watering, thus reducing the frequency of road cleaning and easing the burden on the maintenance staff.


➢ Acknowledging the maintenance issues with lawns in certain communities and the resulting bare areas that affect the overall aesthetic effect, the Ronshine Service team at Chengdu Ronshine Mansion took actions accordingly. They cleared the affected areas, prepared the soil, planted Galsang flowers and green onions, and provided them with meticulous care. Featuring long blooming period with full and colorful blossoms, lush foliage in non-blooming period to keep the soil, vibrant and heat-tolerant aesthetics, these Galsang flowers brightened up the community. When the green onions were ready, the service team packed them with affectionate labels and shared them with customers, spreading a sense of warmth and care within the community.


Active contribution to charitable donations

Upholding the commitment to the social responsibilities inherent to a property management enterprise, Ronshine Service actively engaged in numerous charitable donation events. Ronshine Shiou Suzhou Branch joined the "99 Public Service Day" Charity Event 2023 sponsored by Weiye Community Committee, in which, Kunshan Yu Lan Garden (昆山玉瀾花園) donated over RMB4,000 to "2023 Great Love of Lucheng" Program, and Suzhou Wen Lan Court (蘇州文瀾雅苑) donated RMB2,010 to "Gusu Beautiful Home Plan". In recognition of these contributions, the donators were presented with honor certificates by Weiye Community, being credited as organization of "Compassionate Contribution to Brighter Luster", and by Suzhou Charity Foundation.

Figure: Certificates to honor Ronshine Service's donations

APPENDIX: INDEX OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE THE HONG KONG STOCK EXCHANGE

Areas	Aspects	Key performance indicators	Adoption
Environmental	**A1 Emissions**	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Promoting Green Office
		A1.1: The types of emissions and respective emissions data.	Promoting Green Office
		A1.2: Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Promoting Green Office
		A1.3: Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Promoting Green Office

Areas	Aspects	Key performance indicators	Adoption
Environmental	**A1 Emissions**	A1.4: Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Promoting Green Office
		A1.5: Description of emissions target(s) set and steps taken to achieve them.	Promoting Green Office
		A1.6: Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Promoting Green Office
	A2 Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Promoting Green Office
		A2.1: Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in'000s) and intensity (e.g. per unit of production volume, per facility).	Promoting Green Office
		A2.2: Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Promoting Green Office
		A2.3: Description of energy use efficiency target(s) set and steps taken to achieve them.	Promoting Green Office
		A2.4: Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Promoting Green Office
		A2.5: Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable
	A3 The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources	Promoting Green Office
		A3.1: Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Promoting Green Office
	A4 Climate Change	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Promoting Green Office
		A4.1: Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Promoting Green Office

Areas	Aspects	Key performance indicators	Adoption
Social	**B1 Employment**	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Provide Employee Care
		B1.1: Total workforce by gender, employment type (for example, full – or part-time), age group and geographical region.	Provide Employee Care
		B1.2: Employee turnover rate by gender, age group and geographical region.	Provide Employee Care
	B2 Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Provide Employee Care
		B2.1: Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Provide Employee Care
		B2.2: Lost days due to work injury.	Provide Employee Care
		B2.3: Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Provide Employee Care
	B3 Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Provide Employee Care
		B3.1: The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Provide Employee Care
		B3.2: The average training hours completed per employee by gender and employee category.	Provide Employee Care

Areas	Aspects	Key performance indicators	Adoption
Social	**B4 Labour Standards**	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Provide Employee Care
		B4.1: Description of measures to review employment practices to avoid child and forced labour.	Provide Employee Care
		B4.2: Description of steps taken to eliminate such practices when discovered.	Provide Employee Care
	B5 Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	Achieving Compliant Operations
		B5.1: Number of suppliers by geographical region.	Achieving Compliant Operations
		B5.2: Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Achieving Compliant Operations
		B5.3: Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Achieving Compliant Operations
		B5.4: Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Achieving Compliant Operations
	B6 Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Deliver Premium Service Achieving Compliant Operations
		B6.1: Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable
		B6.2: Number of products and service related complaints received and how they are dealt with.	Deliver Premium Service
		B6.3: Description of practices relating to observing and protecting intellectual property rights.	Achieving Compliant Operations
		B6.4: Description of quality assurance process and recall procedures.	Not applicable
		B6.5: Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Achieving Compliant Operations

Areas	Aspects	Key performance indicators	Adoption
Social	**B7 Anti-corruption**	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Achieving Compliant Operations
		B7.1: Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Achieving Compliant Operations
		B7.2: Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Achieving Compliant Operations
		B7.3: Description of anti-corruption training provided to directors and staff.	Achieving Compliant Operations
	B8 Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Contribution to Community and Society
		B8.1: Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Contribution to Community and Society
		B8.2: Resources contributed (e.g. money or time) to the focus area.	Contribution to Community and Society

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Ronshine Service Holding Co., Ltd
(incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Ronshine Service Holding Co., Ltd (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 95 to 154, which comprise the consolidated balance sheet as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

<table>
<tr><th>Recoverability of trade receivables</th><th>How our audit addressed the Key Audit Matter</th></tr>
<tr><td>
Refer to note 4 'critical accounting estimates and judgements' and note 17 'trade and other receivables and prepayments' to the consolidated financial statements.
As at 31 December 2023, gross carrying amount of trade receivables amounted to RMB456,678,000, representing approximately 84% of the total assets excluding cash and cash balances of the Group. Management has assessed the expected credit losses ("ECL") of trade receivables with loss allowance of RMB117,619,000 made against trade receivables as at 31 December 2023.
For assessing the recoverability of the trade receivables, the Group applies the simplified approach permitted by HKFRS 9 to measure the lifetime ECL for trade receivables.
In estimating ECL, the Group calculated the historical default rate percentage based on the repayment history and ageing profile of the Group's debtors grouped based on shared credit risk characteristics, with adjustments to reflect existing market conditions and forward-looking factors.
We identified the recoverability of trade receivables as a key audit matter due to the significance of the balance to the consolidated financial statements, combined with the significant degree of estimations made by management in evaluating the ECL of the trade receivables.
</td><td>
Our major audit procedures in relation to the assessment of recoverability of trade receivables included the following:

Obtained an understanding of the management's assessment process of the recoverability of the trade receivables;
Assessed the appropriateness of the credit loss provisioning methodology adopted by management and the reasonableness of the key assumptions and inputs in estimating the ECL rate with reference to the repayment history of the Group's debtors, which we checked on a sample basis to the repayment records, and movements of the ageing of trade receivables;
Tested, on a sample basis, the accuracy of the ageing analysis of trade receivables as at 31 December 2023 prepared by management, to sales invoices or demand notes, receipt records and other relevant documents;
Assessed the valuation technique and reasonableness of the significant inputs used by the management and the independent qualified professional valuer in assessing the ECL of trade receivables due from related parties;
Evaluated the competence, capabilities and objectivity of the independent qualified professional valuer and obtaining an understanding of the scope of work;
Checked the mathematical accuracy of the calculation of the provision for loss allowance; and
Tested, on a sample basis, the subsequent settlement of trade receivables to cash receipts and the related supporting documents.

Based on the procedures performed, we found that the key judgements and estimates made by management in relation to the assessment of the recoverability of trade receivables were supported by available evidences.
</td></tr>
</table>

OTHER INFORMATION

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

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

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

The engagement director on the audit resulting in this independent auditor's report is Mr. Leung Man Kin with Practising Certificate number P07174.

Elite Partners CPA Limited
Certified Public Accountants
Level 23, YF Life Tower
33 Lockhart Road
Wan Chai, Hong Kong

27 March 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2023 RMB'000	2022 RMB'000
Revenue	6	**901,187**	876,840
Cost of sales	10	**(728,786)**	(703,937)
Gross profit		**172,401**	172,903
Selling and marketing expenses	10	**(3,919)**	(7,222)
Administrative expenses	10	**(74,218)**	(90,919)
Net impairment losses on financial assets	3.1.2	**(82,765)**	(56,611)
Other income	7	**2,753**	5,973
Other gains or losses	8	**1,320**	622
Operating profit		**15,572**	24,746
Finance income		**1,312**	2,301
Finance cost		**(144)**	(293)
Finance income – net	9	**1,168**	2,008
Profit before income tax		**16,740**	26,754
Income tax expenses	12	**(6,082)**	(8,356)
Profit and total comprehensive income for the year		**10,658**	18,398
Profit and total comprehensive income for the year attributable to:			
– Owners of the Company		**10,658**	15,528
– Non-controlling interests		**–**	2,870
		10,658	18,398
Earnings per share (expressed in RMB)	13		
– Basic		**0.02**	0.03
– Diluted		**0.02**	0.03

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

		As of 31 December	
		2023	2022
	Notes	**RMB'000**	RMB'000
Assets			
Non-current assets			
Property, plant and equipment	14	**12,463**	13,805
Intangible assets	15	**5,828**	4,379
Deferred income tax assets	24	**36,363**	16,000
		54,654	34,184
Current assets			
Inventories		**1,738**	1,726
Trade and other receivables and prepayments	17	**489,844**	437,518
Restricted cash	18	**1**	485
Cash and cash equivalents	19	**751,803**	724,110
		1,243,386	1,163,839
Total assets		**1,298,040**	1,198,023
Equity			
Equity attributable to owners of the Company			
Share capital	20.1	**4,234**	4,234
Share premium	20.2	**663,027**	663,027
Other reserves	21	**(179,798)**	(179,798)
Retained earnings		**224,934**	214,276
Total equity		**712,397**	701,739

	Notes	As of 31 December **2023** **RMB'000**	 2022 RMB'000
Liabilities			
Non-current liabilities			
Lease liabilities	23	**2,317**	3,053
Current liabilities			
Contract liabilities	6(a)	**127,802**	95,690
Trade and other payables	22	**388,773**	346,977
Lease liabilities	23	**2,364**	2,451
Current income tax liabilities		**64,387**	48,113
		583,326	493,231
Total liabilities		**585,643**	496,284
Total equity and liabilities		**1,298,040**	1,198,023

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 95 to 154 were approved and authorised for issue by the board of directors on 27 March 2024 and signed on its behalf by:

Ma Xianghong
Director

Lin Yi
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company						
	Share capital RMB'000 (Note 20.1)	Share premium RMB'000 (Note 20.2)	Other reserves RMB'000 (Note 21)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2022	4,234	663,027	(179,798)	201,086	688,549	6,792	695,341
Comprehensive income							
Profit for the year	–	–	–	15,528	15,528	2,870	18,398
Total comprehensive income	–	–	–	15,528	15,528	2,870	18,398
Acquisition of additional interests in a subsidiary from non-controlling interests (note i)	–	–	–	(2,338)	(2,338)	(9,662)	(12,000)
Balance at 31 December 2022	4,234	663,027	(179,798)	214,276	701,739	–	701,739
Comprehensive income							
Profit for the year	**–**	**–**	**–**	**10,658**	**10,658**	**–**	**10,658**
Total comprehensive income	**–**	**–**	**–**	**10,658**	**10,658**	**–**	**10,658**
Balance at 31 December 2023	**4,234**	**663,027**	**(179,798)**	**224,934**	**712,397**	**–**	**712,397**

Note:

(i) During the year ended 31 December 2022, the Group further acquired 48% of the equity interests of Ronshine (Fujian) Property Management Co., Ltd.* (融信(福建)物業管理有限公司) ("Ronshine (Fujian) Property Management") from a minority shareholder in cash consideration of RMB12,000,000. Upon the completion of the acquisition, Ronshine (Fujian) Property Management became an indirect wholly-owned subsidiary of the Group.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31 December 2023 RMB'000	2022 RMB'000
Cash flows from operating activities			
Cash generated from/(used in) operations	26	**46,959**	(1,485)
Interest received	9	**1,312**	2,301
Income tax paid		**(10,171)**	(15,964)
Net cash generated from/(used in) operating activities		**38,100**	(15,148)
Cash flows from investing activities			
Purchases of property, plant and equipment	14	**(4,585)**	(2,895)
Purchases of intangible assets	15	**(2,203)**	(3,352)
Proceeds from disposal of property, plant and equipment		**5**	14
Net cash used in investing activities		**(6,783)**	(6,233)
Cash flows from financing activities			
Principal elements and interest elements of lease payments		**(3,663)**	(4,580)
Acquisition of additional interests in a subsidiary from the non-controlling interest		**–**	(12,000)
Net cash used in financing activities		**(3,663)**	(16,580)
Net increase/(decrease) in cash and cash equivalents		**27,654**	(37,961)
Cash and cash equivalents at beginning of year		**724,110**	761,885
Exchange gains on cash and cash equivalents		**39**	186
Cash and cash equivalents at end of year		**751,803**	724,110

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Ronshine Service Holding Co., Ltd (the "Company") was incorporated in the Cayman Islands on 14 April 2020 as an exempted company with limited liability under the Companies Act CAP.22 of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment company. The Company and its subsidiaries (the "Group") are primarily engaged in the provision of property management services and related value-added services in the People's Republic of China (the "PRC") (the "Listing Business").

The Company's shares were listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 16 July 2021.

The immediate holding company was Rongxin Yipin Co., Ltd, a company incorporated under the laws of British Virgin Islands ("BVI"). The ultimate holding company was Rongyue Century Co., Ltd. ("Rongyue Century"), a company incorporated under the laws of BVI. The ultimate controlling shareholder of the Group was Mr.Ou Zonghong ("Mr. Ou", or the "Controlling Shareholder").

These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

2 MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

(a) Compliance with Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Companies Ordinance ("HKCO")

The consolidated financial statements of the Group have been prepared in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and disclosure requirements of the HKCO Cap. 622.

(b) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis at the end of each reporting period.

2 MATERIAL ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(c) New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by HKICPA which are mandatorily effective for the Group's financial year beginning 1 January 2023:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

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

Impacts on the application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

(d) Amendments to HKFRSs in issue but not yet effective

In addition, the Group has not applied the following amendments to HKFRSs, that have been issued but are not yet effective, in the consolidated financial statements.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to HKAS 21	Lack of Exchangeability[3]

[1] Effective for annual periods beginning on or after 1 January 2024.
[2] Effective for annual periods beginning on or after a date to be determined.
[3] Effective for annual periods beginning on or after 1 January 2025.

The Directors anticipate that the application of these amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

2 MATERIAL ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries

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

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet respectively.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2 MATERIAL ACCOUNTING POLICIES (Continued)

2.3 Investment in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

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

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker ("CODM"), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

2.5 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

2 MATERIAL ACCOUNTING POLICIES (Continued)

2.6 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives or, in case of leasehold improvements, and certain leased plants and equipment, the shorter lease term, as follows:

–	Vehicles	3-5 years
–	Office equipments	3-5 years
–	Machinery	3-5 years
–	Leasehold improvements	1-3 years
–	Right-of-use assets	1-6 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gains or losses" in the consolidated statement of comprehensive income.

2.7 Intangible assets

Software

Intangible assets mainly include computer software. They are initially recognised and measured at costs incurred to acquire and bring them to use. Intangible assets are amortised over their estimated useful lives), using the straight-line method which reflects the pattern in which the intangible asset's future economic benefits are expected to be consumed.

2 MATERIAL ACCOUNTING POLICIES (Continued)

2.8 Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.9 Investments and other financial assets

(a) Classification

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

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

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

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

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

(b) Recognition and derecognition

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

(c) Measurement

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

2 MATERIAL ACCOUNTING POLICIES (Continued)

2.9 Investments and other financial assets (Continued)

(c) Measurement (Continued)

Debt instruments

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

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains – net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of comprehensive income.

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

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented within other gains or losses in the period in which it arises.

(d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2 MATERIAL ACCOUNTING POLICIES (Continued)

2.10 Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3 details how the Group determines whether there has been a significant increase in credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Impairment on other receivables from third parties and related parties are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2.11 Trade and other receivables

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

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 17 for further information about the Group's accounting for trade receivables and Note 3.1.2 for a description of the Group's impairment policies.

2.12 Cash and cash equivalents, restricted cash

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions. Bank deposits which are restricted to use are included in "restricted cash" of the consolidated balance sheet.

2.13 Share capital

Ordinary shares are classified as equity.

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

2 MATERIAL ACCOUNTING POLICIES (Continued)

2.14 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Current and deferred income tax

The income tax expenses or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

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

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

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

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2 MATERIAL ACCOUNTING POLICIES (Continued)

2.16 Employee benefits

(a) Pension obligations

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

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

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

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

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(d) Short-term obligations

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

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2 MATERIAL ACCOUNTING POLICIES (Continued)

2.17 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expenses.

2.18 Revenue recognition

Revenues are recognised when or as the control of the goods or services is transferred to the customer. Depending the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time.

The Group provides property management services, value-added services to non-property owners and community value-added services.

(a) Property management services

For property management services, the Group bills a fixed amount for services provided on a monthly basis and recognises as revenue in the amount to which the Group has a right to bill and that corresponds directly with the value of performance completed. Revenue from providing property management services is recognised in the accounting period in which the services are rendered as the customer simultaneously receives and consumes the benefits provided by the Group's performance when the Group performs.

For property management services income from properties managed under lump sum basis, where the Group acts as principal and is responsible for providing the property management services to the property owners, the Group entitles to revenue at the value of property management services fee received or receivable and recognises all related property management costs as its cost of service.

For property management service income from properties managed under commission basis, where the Group acts as an agent of the property owner, the Group recognises the commission, which is calculated by a pre-determined percentage or amount of the property management fee received or receivable by the properties.

2 MATERIAL ACCOUNTING POLICIES (Continued)

2.18 Revenue recognition (Continued)

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

Value-added services to non-property owners mainly includes sales assistance services, preliminary planning and design consultancy services, cleaning, greening, repair, maintenance services to property developers at the pre-delivery stage and driving vehicle dispatching and managing services. The Group agrees the price for each service with the customers upfront and issues the monthly bill to the customers which varies based on the actual level of service completed in that month. Revenue is recognised when the value-added services are rendered.

(c) Community value-added services

Community value-added services mainly includes sales of goods, resident services, and advertisement, revenue is recognised when the related community value-added services are rendered. Payment of the transaction is due immediately when the community value-added services are rendered to the customer.

For sales of goods, the Group sells commodities to property owners and residents of the properties under the Group's management online and in community. Sales of goods are recognised when the Group delivers the goods to the customers.

For other value-added services includes resident services, community public areas management and operation and advertisement, revenue is recognised when the related other value-added services are rendered. Payment of the transaction is due immediately when the other value-added services are rendered to the customer.

If contracts involve the sale of multiple services, the transaction price allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

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

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers services to the customer, the Group presents the contract as a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

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

2 MATERIAL ACCOUNTING POLICIES (Continued)

2.19 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets.

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the consolidated statement of comprehensive income as "other income".

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purpose, see Note 9 below.

2.20 Leases

The Group leases certain properties. Rental contracts are typically made for fixed periods of 1 to 3 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis.

The lease payments are discounted using the interest rate implicit in the lease if that rate can be determined, or the Group's incremental borrowing rate. To determine the incremental borrowing rate, the Group uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group.

Right-of-use assets are measured at cost.

Payments associate with short-term leases terms of 12 months or less and leases of low-value assets are recognised on a straight-line basis over the lease term as an expense in profit or loss.

2 MATERIAL ACCOUNTING POLICIES (Continued)

2.21 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.22 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and

- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.23 Government grants

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

2.24 Provisions and contingent liabilities

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2 MATERIAL ACCOUNTING POLICIES (Continued)

2.24 Provisions and contingent liabilities (Continued)

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

2.25 Inventories

Inventories are stated at the lower of cost and net realisable value at the end of each reporting date. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

3.1.1 Market risk

(a) Foreign exchange risk

The Group's businesses are principally conducted in RMB, which is the functional currency of the Group. As of 31 December 2023, non-RMB assets are cash and cash equivalents of RMB1,742,000 (2022: RMB2,647,000) denominated in US$ and RMB29,000 (2022: RMB29,000) denominated in HK$. Fluctuation of the exchange rates of RMB against foreign currency could affect the Group's results of operations. The Group has not entered into any forward exchange contract to hedge its exposure to foreign exchange risk.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk

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

(a) Cash deposits at banks

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

(b) Trade and other receivables

For trade and other receivables, the management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

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

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant changes in the expected performance and behaviour of the borrowers, including changes in the payment status of borrowers and changes in the operating results of the borrowers.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(b) Trade and other receivables (Continued)

(i) *A summary of the assumptions underpinning the Group's expected credit loss model is as follows:*

Category	Group definition of category	Basis for recognition of expected credit loss provision
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Underperforming	Receivables for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 90 days past due	Lifetime expected losses
Non-performing	Interest and/or principal repayments are 180 days past due	Lifetime expected losses

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward-looking macroeconomic data.

As of 31 December 2023 and 2022, the Group assessed that there has been a significant increase in credit risk for trade and other receivables from related parties (mainly from Ronshine China Holdings Limited and its subsidiaries (the "Ronshine China Group") and companies controlled by Mr. Ou) having regard to the significant adverse changes in business, financial and economic conditions, and the operating results of the related parties etc. The Group therefore assessed that the expected credit losses rate for trade and other receivables from the related parties were significant, and thus recognised RMB72,944,000 (2022: RMB34,231,000) and expected credit losses on trade receivables from related parties and RMB13,971,000 (2022: RMB6,717,000) expected credit losses on other receivables from related parties, respectively for the year ended 31 December 2023.

The expected credit loss rate for the provision matrix is for trade receivables which are mainly related to our property management services business. As there is no significant change in the business operation of property management services, actual loss rates for trade receivables, customer profile and the adjustments for forward-looking macroeconomic data during the years, the change in the expected credit loss rates for the provision matrix is insignificant throughout the years.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(b) Trade and other receivables (Continued)

(ii) Trade receivables

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables.

As of 31 December 2023 and 2022, the loss allowance provision for trade receivables due from third parties was determined as follows. The expected credit losses below also incorporated forward-looking information.

	Up to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Trade receivables due from third parties					
At 31 December 2023					
Gross carrying amount (RMB'000)	**171,062**	**41,588**	**38,679**	**13,228**	**264,557**
Expected loss rate	**1%**	**25%**	**50%**	**100%**	
Loss allowance provision (RMB'000)	**1,710**	**10,397**	**19,340**	**13,228**	**44,675**
At 31 December 2022					
Gross carrying amount (RMB'000)	118,183	43,374	11,646	3,370	176,573
Expected loss rate	1%	25%	50%	100%	
Loss allowance provision (RMB'000)	1,182	10,844	5,823	3,370	21,219

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(b) Trade and other receivables (Continued)

(ii) Trade receivables (Continued)

As of 31 December 2023 and 2022, the loss allowance provision for trade receivables due from related parties was determined as follows. The expected credit losses below also incorporated forward-looking information.

	Up to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Trade receivables due from related parties					
At 31 December 2023					
Gross carrying amount (RMB'000)	**54,729**	**72,846**	**62,455**	**2,091**	**192,121**
Expected loss rate	**38.42%**	**37.50%**	**38.10%**	**38.42%**	
Loss allowance provision (RMB'000)	**21,028**	**27,317**	**23,796**	**803**	**72,944**
At 31 December 2022					
Gross carrying amount (RMB'000)	93,060	101,078	2,121	–	196,259
Expected loss rate	17.44%	17.44%	17.44%	–	
Loss allowance provision (RMB'000)	16,231	17,629	371	–	34,231

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(b) Trade and other receivables (Continued)

(iii) Other receivables and deposits

Other receivables and deposits due from third parties mainly included payments on behalf of property owners, deposits and others.

The Group uses the expected credit loss model to determine the expected loss provision for other receivables and deposits due from third parties.

The Group assessed that there is no significant increase of credit risk for other receivables and deposits due from third parties since initial recognition. Thus the Group used the 12 months expected credit losses model to assess credit loss of other receivables and deposits due from third parties.

	Performing	Under-performing	Non-performing	Total
Other receivables and deposits due from third parties				
At 31 December 2023				
Gross carrying amount (RMB'000)	**134,952**	**–**	**–**	**134,952**
Loss allowance provision (RMB'000)	**15,362**	**–**	**–**	**15,362**
At 31 December 2022				
Gross carrying amount (RMB'000)	84,787	–	–	84,787
Loss allowance provision (RMB'000)	2,020	–	–	2,020

Other receivables and deposits due from related parties mainly included deposits paid from related parties for obtaining the exclusive sales agency rights in respect of the exclusive car parking spaces.

The Group uses the expected credit model to determine the expected loss provision for other receivables and deposits due from related parties.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(b) Trade and other receivables (Continued)

(iii) Other receivables and deposits (Continued)

For the year ended 31 December 2023, the Group assessed that there is significant increase of credit risk for other receivables and deposits due from related parties. Thus the Group used the lifetime expected credit losses model to assess credit loss of other receivables and deposits due from related parties.

	Up to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Other receivables and deposits due from related parties					
At 31 December 2023					
Gross carrying amount (RMB'000)	**–**	**36,363**	**–**	**–**	**36,363**
Loss allowance provision (RMB'000)	**–**	**13,971**	**–**	**–**	**13,971**
At 31 December 2022					
Gross carrying amount (RMB'000)	38,514	–	–	–	38,514
Loss allowance provision (RMB'000)	6,717	–	–	–	6,717

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(b) Trade and other receivables (Continued)

As of 31 December 2023 and 2022, the loss allowance provision for trade and other receivables (excluding prepayments) reconciles to the opening loss allowance for that provision as follows:

	Trade receivables (excluding trade receivables due from third parties) RMB'000	Trade receivables (excluding trade receivables due from related parties) RMB'000	Other receivables (excluding prepayments and other receivables due from related parties) RMB'000	Other receivables and deposits (excluding prepayments and other receivables and deposits due from third parties) RMB'000	Total RMB'000
As of 1 January 2023	**34,231**	**21,219**	**2,020**	**6,717**	**64,187**
Impairment losses	**38,713**	**23,456**	**13,342**	**7,254**	**82,765**
As of 31 December 2023	**72,944**	**44,675**	**15,362**	**13,971**	**146,952**
As of 1 January 2022	–	5,917	1,659	–	7,576
Impairment losses	34,231	15,302	361	6,717	56,611
As of 31 December 2022	34,231	21,219	2,020	6,717	64,187

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.3 Liquidity risk

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

The table below analyses the Group's financial liabilities and lease liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Later than 5 years RMB'000	Total RMB'000
As of 31 December 2023					
Financial liabilities					
Trade and other payables (excluding accrued payroll liabilities and other tax payables)	**313,284**	**–**	**–**	**–**	**313,284**
Lease liabilities (including interest payments)	**2,418**	**1,878**	**615**	**–**	**4,911**
	315,702	**1,878**	**615**	**–**	**318,195**

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Later than 5 years RMB'000	Total RMB'000
As of 31 December 2022					
Financial liabilities					
Trade and other payables (excluding accrued payroll liabilities and other tax payables)	265,628	–	–	–	265,628
Lease liabilities (including interest payments)	2,510	1,632	1,733	–	5,875
	268,138	1,632	1,733	–	271,503

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the asset-liability ratio. This ratio is calculated as total liabilities divided by total assets.

As of 31 December 2023 and 2022, the asset-liability ratio of the Group is as follows:

	As of 31 December	
	2023	2022
Asset-liability ratio	**45%**	41%

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements requires the use of certain critical accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Allowance on doubtful receivables

The Group makes allowances on receivables based on assumptions about risk of default and expected loss rates. The Group used judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past collection history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables as doubtful debt expenses in the periods in which such estimate has been changed. For details of the key assumptions and inputs used, see Note 3.1.2 above.

(b) Current and deferred income tax

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

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

5 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

For the years ended 31 December 2023 and 2022, the Group is principally engaged in the provision of property management services and related value-added services, including pre-delivery services, household assistance service, sales services and other services, in the PRC.

During the years ended 31 December 2023 and 2022, all the segments are domiciled in the PRC and all the revenue are derived in the PRC, and the segments are principally engaged in the provision of similar services to similar customers. All operating segments of the Group were aggregated into a single reportable segment.

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

6 REVENUE

Revenue mainly comprises of proceeds from property management services, value-added services to non-property owners and community value-added services. An analysis of the Group's revenue by category for the year ended 31 December 2023 and 2022 is as follows:

		Year ended 31 December	
		2023	2022
		RMB'000	RMB'000
Types of services	**Revenue from customer and recognised**		
Property management services	over time	**712,668**	607,615
Value-added services to non-property owners	over time	**125,896**	221,658
Community value-added services		**62,623**	47,567
– Sales of goods	at a point in time	**16,942**	18,012
– Other value-added services	over time	**45,681**	29,555
		901,187	876,840

During the years ended 31 December 2023 and 2022, revenue derived from customers who accounted for more than 10% of total revenue were set out below.

	Year ended 31 December	
	2023	2022
Ronshine China Group	**6%**	17%
Customer Group A*	**18%**	18%

* Customer Group A represents a combination of companies under one group.

6 REVENUE (Continued)

(a) Contract liabilities

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

	As of 31 December	
	2023	2022
	RMB'000	RMB'000
Contract liabilities		
– Property management services	**124,531**	91,636
– Community value-added services	**3,271**	4,054
	127,802	95,690

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

(i) Revenue recognised in relation to contract liabilities

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

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year		
Property management services	**88,735**	83,862
Community value-added services	**3,094**	2,087
	91,829	85,949

(ii) Unsatisfied performance obligations

For property management services and value-added services to non-property owners, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these type of contracts. The majority of the property management services contracts do not have a fixed term. The term of the contracts for value-added services to non-property owners is generally set to expire when the counterparties notify the Group that the services are no longer required.

For community value-added services, they are rendered in short period of time, which is generally less than a year, and the Group has elected the practical expedient for not to disclose the remaining performance obligations for these type of contracts.

(iii) Assets recognised from incremental costs to obtain a contract

During the year ended 31 December 2023, there was no significant incremental costs to obtain a contract (2022: same).

7 OTHER INCOME

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Additional deduction of value-added input tax	**1,881**	3,406
Government grants (Note (a))	**853**	2,501
Others	**19**	66
	2,753	5,973

(a) Government grants mainly consisted of financial subsidies granted by the local governments.

8 OTHER GAINS OR LOSSES

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Penalty expenses	**(23)**	(195)
Loss on disposal of property, plant and equipment	**(23)**	(48)
Gain on disposal of financial products	**663**	–
Net foreign exchange gains	**39**	186
Others	**664**	679
	1,320	622

9 FINANCE INCOME – NET

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Finance income		
Interest income from bank deposits	**1,312**	2,301
Finance cost		
Interest expenses of lease liabilities (Note 23)	**(144)**	(293)
Finance income – net	**1,168**	2,008

10 EXPENSES BY NATURE

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Employee benefit expenses (Note 11)	**404,384**	438,761
Greening and cleaning expenses	**141,111**	136,891
Maintenance costs	**54,239**	29,895
Office expenses	**7,154**	9,199
Community activities expenses	**6,671**	7,055
Travelling and entertainment expenses	**3,147**	6,340
Consultancy fee	**10,496**	9,470
Advertising expenses	**5,113**	8,189
Security charges	**119,646**	100,814
Taxes and other levies	**4,741**	4,728
Depreciation and amortisation charges (Notes 14 and 15)	**9,349**	8,714
Bank charges	**3,114**	1,610
Auditors' remuneration		
– Annual audit	**1,200**	1,200
– Non-audit services	**665**	700
Expenses relating to short-term leases (Note 23)	**4,287**	2,005
Cost of goods sold	**17,603**	25,757
Insurance expenses	**3,259**	1,868
Others	**10,744**	8,882
	806,923	802,078

11 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Wages, salaries and bonuses	**342,240**	365,454
Social insurance expenses and housing benefits (Note (a))	**52,232**	62,089
Other employee benefits (Note (b))	**9,912**	11,218
	404,384	438,761

(a) Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the employee salary to the scheme to fund the retirement benefits of the employees.

(b) Other employee benefits mainly include team building expenses, meal and travelling allowances.

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included 2 (2022:2) directors for the years ended 31 December 2023 and 2022 whose emolument is reflected in the analysis shown in Note 29. The emoluments payable to the remaining 3 (2022: 3) individuals during the year ended 31 December 2023 are as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Wages and salaries	**1,116**	1,393
Discretionary bonuses	**758**	543
Pension costs, housing funds, medical insurance and other social insurances	**291**	371
	2,165	2,307

The emoluments fell within the following bands:

	Number of individuals	
	Year ended 31 December	
	2023	2022
Emolument bands in Hong Kong dollars ("HK$")		
Nil – HK$1,000,000	**3**	3

12 INCOME TAX EXPENSES

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and accordingly, is exempted from Cayman Islands income tax. The Company's direct subsidiary in the BVI was incorporated under the International Business Companies Act of the BVI and, accordingly, is exempted from BVI income tax.

Hong Kong profits tax rate is 16.5%. No provision for Hong Kong profits tax was provided as the Group did not have assessable profit in Hong Kong for the year ended 31 December 2023 (2022: nil).

Income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

The general corporate income tax rate in PRC is 25%, certain subsidiaries of the Group were qualified as "Small Low-Profit Enterprise", which will be reduced to 25% of the taxable income and taxed at the reduced tax rate of 20% in 2023 and 2022.

Pursuant to the Detailed Implementation Regulations for Implementation of the Corporate Income Tax Law issued on 6 December 2007, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to this withholding income tax of 10%, a lower 5% withholding income tax rate may be applied when the immediate holding companies of the subsidiaries in Mainland China are incorporated in Hong Kong and fulfill the requirements to the tax treaty arrangements between Mainland China and Hong Kong. The Group has not accrued any withholding income tax for these undistributed earnings of its subsidiaries in Mainland China as the Group does not have a plan to distribute these earnings from its subsidiaries in Mainland China.

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Current income tax	**26,445**	22,235
Deferred income tax (Note 24)	**(20,363)**	(13,879)
	6,082	8,356

12 INCOME TAX EXPENSES (Continued)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the group entities as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Profit before income tax	**16,740**	26,754
Tax charge at effective rate applicable to profits in the respective Group's entities	**4,185**	6,688
Tax effects of:		
– Expenses not deductible for tax purposes	**1,459**	1,715
– Tax losses and deductible temporary differences for which no deferred tax asset was recognised	**444**	552
– The impact of change in tax rate applicable to a subsidiary	**41**	37
– Tax effect of utilisation of tax losses previously not recognised	**(47)**	(636)
Income tax expenses	**6,082**	8,356

The effective income tax rate was 36% and 32% for the years ended 31 December 2023 and 2022, respectively.

13 EARNINGS PER SHARE

The calculations of basic and diluted earnings per share attributable to owners of the Company are based on the following data:

	Year ended 31 December	
	2023	2022
Profit for the year attributable to owners of the Company, used in the basic and diluted earnings per share calculations (RMB'000)	**10,658**	15,528
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	**508,104,000**	508,104,000

No diluted earnings per share was presented for the year ended 31 December 2023 as there was no potential ordinary shares in issue during the year (2022: the same).

14 PROPERTY, PLANT AND EQUIPMENT

	Vehicles RMB'000	Office equipments RMB'000	Machinery RMB'000	Leasehold improvements RMB'000	Right-of-use assets RMB'000	Total RMB'000
As of 1 January 2022						
Cost	928	4,532	2,109	12,374	18,334	38,277
Accumulated depreciation	(651)	(3,142)	(1,522)	(4,931)	(10,389)	(20,635)
Net book amount	277	1,390	587	7,443	7,945	17,642
Year ended 31 December 2022						
Opening net book amount	277	1,390	587	7,443	7,945	17,642
Additions	–	212	190	2,493	1,490	4,385
Disposals	(11)	(36)	(15)	–	–	(62)
Depreciation	(89)	(486)	(229)	(3,085)	(4,271)	(8,160)
Closing net book amount	177	1,080	533	6,851	5,164	13,805
As of 31 December 2022						
Cost	917	4,708	2,284	14,867	19,824	42,600
Accumulated depreciation	(740)	(3,628)	(1,751)	(8,016)	(14,660)	(28,795)
Net book amount	177	1,080	533	6,851	5,164	13,805
As of 1 January 2023						
Cost	**917**	**4,708**	**2,284**	**14,867**	**19,824**	**42,600**
Accumulated depreciation	**(740)**	**(3,628)**	**(1,751)**	**(8,016)**	**(14,660)**	**(28,795)**
Net book amount	**177**	**1,080**	**533**	**6,851**	**5,164**	**13,805**
Year ended 31 December 2023						
Opening net book amount	**177**	**1,080**	**533**	**6,851**	**5,164**	**13,805**
Additions	**26**	**526**	**262**	**3,771**	**2,696**	**7,281**
Disposals	**–**	**(16)**	**(12)**	**–**	**–**	**(28)**
Depreciation	**(89)**	**(530)**	**(267)**	**(4,306)**	**(3,403)**	**(8,595)**
Closing net book amount	**114**	**1,060**	**516**	**6,316**	**4,457**	**12,463**
As of 31 December 2023						
Cost	**943**	**5,218**	**2,534**	**18,638**	**22,520**	**49,853**
Accumulated depreciation	**(829)**	**(4,158)**	**(2,018)**	**(12,322)**	**(18,063)**	**(37,390)**
Net book amount	**114**	**1,060**	**516**	**6,316**	**4,457**	**12,463**

14 PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation expenses were charged to the following categories in the consolidated statement of comprehensive income:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Cost of sales	**3,012**	1,051
Administrative expenses	**5,583**	7,109
	8,595	8,160

(a) No property, plant and equipment is restricted or pledged as security for liabilities as of 31 December 2023 (2022: nil).

15 INTANGIBLE ASSETS

	Software RMB'000
As of 1 January 2022	
Cost	2,503
Accumulated amortisation	(922)
Net book amount	1,581
Year ended 31 December 2022	
Opening net book amount	1,581
Additions	3,352
Amortisation	(554)
Closing net book amount	4,379
As of 31 December 2022	
Cost	5,855
Accumulated amortisation	(1,476)
Net book amount	4,379
As of 1 January 2023	
Cost	5,855
Accumulated amortisation	(1,476)
Net book amount	4,379
Year ended 31 December 2023	
Opening net book amount	4,379
Additions	2,203
Amortisation	(754)
Closing net book amount	5,828
As of 31 December 2023	
Cost	8,058
Accumulated amortisation	(2,230)
Net book amount	5,828

(a) No intangible asset is restricted or pledged as security for liabilities as of 31 December 2023 (2022: same).

(b) The amortisation charge for the years ended 31 December 2023 and 2022 is included in "administrative expenses" and "cost of sales" in the consolidated statement of comprehensive income.

16 FINANCIAL INSTRUMENTS BY CATEGORY

	As of 31 December	
	2023	2022
	RMB'000	RMB'000
Financial assets at amortised cost		
Trade and other receivables (excluding prepayments) (Note 17)	**481,041**	431,946
Restricted cash (Note 18)	**1**	485
Cash and cash equivalents (Note 19)	**751,803**	724,110
	1,232,845	1,156,541
Financial liabilities at amortised cost		
Trade and other payables (excluding accrued payroll and other taxes payables) (Note 22)	**313,284**	265,628
Lease liabilities (Note 23)	**4,681**	5,504
	317,965	271,132

17 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As of 31 December	
	2023	2022
	RMB'000	RMB'000
Trade receivables		
– Related parties (Note 28(d))	**192,121**	196,259
– Third parties	**264,557**	176,573
	456,678	372,832
Less: allowance for impairment of trade receivables	**(117,619)**	(55,450)
	339,059	317,382
Other receivables and deposits		
– Related parties (Note 28(d))	**36,363**	38,514
– Third parties	**134,952**	84,787
	171,315	123,301
Less: allowance for impairment of other receivables	**(29,333)**	(8,737)
	141,982	114,564
Prepayments to suppliers		
– Related parties (Note 28(d))	**212**	11
– Third parties	**8,591**	5,561
	489,844	437,518

(a) Trade receivables mainly arise from property management services and value-added services to non-property owners.

Property management services income are received in accordance with the terms of the relevant services agreements. Service income from property management service is due for payment by the resident upon the issuance of demand note.

The value-added services to non-property owners are usually due for payment upon the issuance of document of settlement.

17 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

As of 31 December 2023, the ageing analysis of the trade receivables based on invoice date were as follows:

	As of 31 December	
	2023	2022
	RMB'000	RMB'000
Up to 1 year	**225,791**	211,243
1 to 2 years	**114,434**	144,452
2 to 3 years	**100,134**	13,767
Over 3 years	**15,319**	3,370
	456,678	372,832

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As of 31 December 2023 and 2022 a provision of RMB117,619,000 and RMB55,450,000, respectively was made against the gross amounts of trade receivables (Note 3.1.2).

18 RESTRICTED CASH

As at 31 December 2022, restricted cash represents subsidiaries' cash deposits in the bank as performance security for value-added services to non-property owners according to the requirements of certain clients.

As at 31 December 2023, restricted cash represented bank balances restricted in the bank due to civil litigation claims against the Group for the settlement of outstanding payables. As at 31 December 2023, the civil litigation claims were resolved. The restricted cash were released subsequent to the year ended 31 December 2023.

19 CASH AND CASH EQUIVALENTS

	As of 31 December	
	2023	2022
	RMB'000	RMB'000
Cash at bank and on hand (Note(a))		
– Denominated in RMB	**750,032**	721,434
– Denominated in US$	**1,742**	2,647
– Denominated in HK$	**29**	29
	751,803	724,110

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

Bank balances carry variable interest rates.

20 SHARE CAPITAL AND SHARE PREMIUM

The Group and the Company

20.1 Share capital

	Number of shares	HK$'000	RMB'000
Authorised ordinary shares of HK$0.01 each:			
At of 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	**3,000,000,000**	**30,000**	24,528
Issued and fully paid ordinary shares of HK$0.01 each:			
At of 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	**508,104,000**	**5,081**	4,234

20.2 Share premium

	As of 31 December	
	2023	2022
	RMB'000	RMB'000
Share premium	**663,027**	663,027

21 OTHER RESERVES

The Group

	As of 31 December	
	2023	2022
	RMB'000	RMB'000
Capital reserves	**(179,798)**	(179,798)

Capital reserves represented the aggregate of:

(i) Consideration to be paid by the Company's subsidiary, Ronshine Shiou, to acquire 52% equity interest in Ronshine (Fujian) Property Management Co., Ltd. ("Ronshine Property Management") as a subsidiary from the controlling shareholder of the Company in 2018. Such amount is regarded as deemed distribution to the equity holders and debited directly to reserve;

(ii) Deemed distributions to the shareholders of the Company of RMB88,000,000 arising from the acquisition of Rongxin Shiou Property Service Group Co., Ltd. from the then shareholder in 2020;

(iii) Merger reserve of RMB96,798,000 arising from the reorganization represented the excess of the aggregate net asset values of Ronshine Shiou over the consideration the Company paid pursuant to the reorganization of the Group in 2020.

22 TRADE AND OTHER PAYABLES

	As of 31 December	
	2023	2022
	RMB'000	RMB'000
Trade payables		
– Related parties (Note 28(d))	**979**	398
– Third parties	**181,792**	145,921
	182,771	146,319
Other payables		
– Related parties (Note 28(d))	**5,727**	5,721
– Third parties	**124,786**	113,588
	130,513	119,309
Accrued payroll	**44,529**	61,507
Other taxes payables	**30,960**	19,842
	388,773	346,977

As of 31 December 2023 and 2022, the carrying amounts of trade and other payables approximated its fair values.

As of 31 December 2023 and 2022 the ageing analysis of the trade payables based on invoice date were as follows:

	As of 31 December	
	2023	2022
	RMB'000	RMB'000
Up to 1 year	**177,061**	139,465
1 to 2 years	**4,324**	5,536
2 to 3 years	**903**	786
Over 3 years	**483**	532
	182,771	146,319

23 LEASES

(a) Amounts recognised in the consolidated balance sheet

	As of 31 December	
	2023	2022
	RMB'000	RMB'000
Right-of-use assets		
Properties (Note 14)	**4,457**	5,164
Lease liabilities		
Current	**2,364**	2,451
Non-current	**2,317**	3,053
	4,681	5,504

(b) Amounts recognised in the consolidated statement of comprehensive income

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Depreciation charge		
Properties (Note 14)	**3,403**	4,271
Interest expenses (included in finance cost) (Note 9)	**144**	293
Expenses relating to short-term leases (included in cost of sales and administrative expenses) (Note 10)	**4,287**	2,005
Cash outflows for lease payments	**7,950**	6,585

(c) A maturity analysis of lease liabilities is shown in the table below during the year

	As of 31 December	
	2023	2022
	RMB'000	RMB'000
Lease liabilities payable:		
Within one year	**2,364**	2,451
Later than one year but no later than two years	**1,760**	1,524
Later than two years but not later than five years	**557**	1,529
	4,681	5,504
Less: Amount due for settlement within 12 months shown under current liabilities	**(2,364)**	(2,451)
Amount due for settlement after 12 months shown under non-current liabilities	**2,317**	3,053

The incremental borrowing rates applied to lease liabilities for the year ended 31 December 2023 was 3.45% (2022: 3.65%).

24 DEFERRED INCOME TAX

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	As of 31 December	
	2023	2022
	RMB'000	RMB'000
Deferred tax assets:		
– Deferred tax assets to be recovered after more than 12 months	**36,189**	15,773
– Deferred tax assets to be recovered within 12 months	**174**	227
	36,363	16,000

The movement in deferred income tax assets and liabilities during the years, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Deferred tax assets – allowance on doubtful debts RMB'000	Deferred tax assets – tax losses RMB'000	Total RMB'000
As of 1 January 2022	1,894	227	2,121
Charged to the consolidated statement of comprehensive income	13,932	(53)	13,879
As of 31 December 2022 and 1 January 2023	**15,826**	**174**	**16,000**
Charged to the consolidated statement of comprehensive income	**20,412**	**(49)**	**20,363**
As of 31 December 2023	**36,238**	**125**	**36,363**

As of 31 December 2023, in accordance with the accounting policy set out in Note 2.17(b), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB4,269,000 (31 December 2022: RMB3,825,000), as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses shall expire in five years from year of occurrence under current tax legislation.

25 DIVIDEND

The directors of the Company do not recommend payment of any final dividend for the year ended 31 December 2023 (2022: same).

26 CASH FLOWS INFORMATION

(a) Cash generated from operations

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Profit before income tax	**16,740**	26,754
Adjustments for:		
– Depreciation of property, plant and equipment (Note 14)	**8,595**	8,160
– Amortisation of intangible assets (Note 15)	**754**	554
– Net foreign exchange (gains)/losses	**(39)**	(186)
– Loss allowance for impairment of trade and other receivables (Note 3.1.2)	**82,765**	56,611
– Loss on disposal of property, plant and equipment (Note 8)	**23**	48
– Finance income – net (Note 9)	**(1,168)**	(2,008)
	107,670	89,933
Changes in working capital:		
– Inventories	**(12)**	(8)
– Trade and other receivables and prepayments	**(135,091)**	(129,883)
– Contract liabilities	**32,112**	(57)
– Trade and other payables	**41,796**	33,663
– Restricted cash	**484**	4,867
Cash generated from/(used in) operations	**46,959**	(1,485)

26 CASH FLOWS INFORMATION (Continued)

(b) The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities RMB'000
As of 1 January 2022	8,301
Addition of lease liabilities	1,490
Accrued interest expenses	293
Repayments	(4,287)
Interest paid	(293)
As of 31 December 2022	5,504
As of 1 January 2023	**5,504**
Addition of lease liabilities	**2,696**
Accrued interest expenses	**144**
Repayments	**(3,519)**
Interest paid	**(144)**
As of 31 December 2023	**4,681**

27 COMMITMENTS

(a) The Group did not have any material operating leases commitments or capital commitments as of 31 December 2023 (2022: same).

(b) **Contingencies**

The Group did not have any material contingent liabilities as of 31 December 2023 and 2022.

28 RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name	Relationship with the Group
Mr. Ou 歐先生	Controlling shareholder of the Company
Ronshine China Group 融信中國集團	A group controlled by Mr. Ou
Xiuyi (Fujian) Landscape Engineering Co., Ltd.* 秀藝(福建)園林工程有限公司	A company controlled by Mr. Ou
Nantong Rongxi Real Estate Development Co., Ltd.* 南通融璽房地產開發有限公司	A non-joint venture of Ronshine China Group
Chengdu Jinfenghua Real Estate Co., Ltd.* 成都金灃華置業有限公司	An associate of Ronshine China Group
Fuzhou Yuxiang Real Estate Development Co., Ltd.* 福州市禹翔房地產有限公司	An associate of Ronshine China Group
Hangzhou Meishengmei Real Estate Co., Ltd.* 杭州美生美置業有限公司	An associate of Ronshine China Group
Hangzhou Rongqia Industrial Co., Ltd.* 杭州融洽實業有限公司	An associate of Ronshine China Group
Hangzhou Ronxin Property Development Co., Ltd.* 杭州融歆房地產開發有限公司	An associate of Ronshine China Group
Yueqing Rongliang Real Estate Development Co., Ltd.* 樂清市融梁房地產開發有限公司	An associate of Ronshine China Group
Nantong Jianghe Real Estate Co., Ltd.* 南通江河置業有限公司	An associate of Ronshine China Group
Suzhou Kaixingyu Real Estate Development Co., Ltd.* 蘇州愷星鈺房地產開發有限公司	An associate of Ronshine China Group
Zhenjiang Yiteng Real Estate Development Co., Ltd. * 鎮江億騰房地產開發有限公司	An associate of Ronshine China Group
Chengdu Haotian Real Estate Development Co. Ltd* 成都浩天房地產開發有限公司	A joint venture of Ronshine China Group
Fuzhou Rongxinglan Real Estate Development Co. Ltd* 福州融興藍房地產開發有限公司	A joint venture of Ronshine China Group
Hairong (Zhangzhou) Property Co., Ltd.* 海融(漳州)房地產有限公司	A joint venture of Ronshine China Group

28 RELATED PARTY TRANSACTIONS (Continued)

(a) Name and relationship with related parties (Continued)

Name	Relationship with the Group
Hangzhou linanlongxing Real Estate Development Co., Ltd.* 杭州臨安龍興房地產開發有限公司	A joint venture of Ronshine China Group
Hangzhou Rongxuan Real Estate Development Co., Ltd.* 杭州融晅房地產開發有限公司	A joint venture of Ronshine China Group
Huzhou Rongda Real Estate Development Co., Ltd. * 湖州融達房地產開發有限公司	A joint venture of Ronshine China Group
Jiangmen Rongchang Real Estate Development Co., Ltd.* 江門市融昌房地產開發有限公司	A joint venture of Ronshine China Group
Jinhua Tianxi Real Estate Development Co., Ltd.* 金華天璽置業有限公司	A joint venture of Ronshine China Group
Jiujiang Rongxi Real Estate Development Co., Ltd.* 九江融璽房地產開發有限公司	A joint venture of Ronshine China Group
Mianyang Wanwei Jincai Real Estate Development Co. Ltd* 綿陽萬為金彩房地產開發有限公司	A joint venture of Ronshine China Group
Putian Rongwanjun Real Estate Development Co., Ltd.* 莆田融萬駿房地產開發有限公司	A joint venture of Ronshine China Group
Shanghai Biyang Real Estate Development Co., Ltd.* 上海碧楊置業有限公司	A joint venture of Ronshine China Group
Suzhou Rongpu Property Co., Ltd.* 蘇州融樸置業有限公司	A joint venture of Ronshine China Group
Tianjin Jinrui Property Co., Ltd.* 天津金鋭置業有限公司	A joint venture of Ronshine China Group
Zhoushan Kairong Real Estate Development Co., Ltd.* 舟山愷融房地產開發有限公司	A joint venture of Ronshine China Group

* The English name of the related parties represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

28 RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties

During the years ended 31 December 2023 and 2022, the Group had the following significant transactions with related parties. The transaction amounts disclosed represent the transactions with relevant parties during the years when those parties were related parties of the Group.

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Provision of services		
– Ronshine China Group	**58,092**	147,785
– Ronshine China Group's associates	**5,358**	9,079
– Ronshine China Group's joint ventures	**12,634**	21,419
– Companies controlled by Mr. Ou	**2**	104
	76,086	178,387

All of the transactions above were carried out in the normal course of the Group's business and on terms as agreed between the transacting parties.

(c) Key management compensation

Compensations for key management other than those for directors and as disclosed in Note 29 is set out below.

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Salaries and other short-term employee benefits	**2,165**	2,307

28 RELATED PARTY TRANSACTIONS (Continued)

(d) Balances with related parties

	As of 31 December	
	2023	2022
	RMB'000	RMB'000
Trade receivables		
– Ronshine China Group	**180,460**	177,381
– Ronshine China Group's associates	**8,707**	1,997
– Ronshine China Group's joint ventures	**2,953**	16,879
– Companies controlled by Mr. Ou	**1**	2
	192,121	196,259
Other receivables and deposits (i)		
– Ronshine China Group	**36,363**	38,514
Prepayments to suppliers		
– Ronshine China Group	**212**	11
Trade payables		
– Ronshine China Group	**979**	397
– Companies controlled by Mr. Ou	**–**	1
	979	398
Other payables		
– Ronshine China Group	**5,725**	5,721
– Companies controlled by Mr. Ou	**2**	–
	5,727	5,721

(i) Other receivables and deposits mainly represented deposits of service provided to Ronshine China Group and other related parties, which will collect upon the termination of service contracts, and deposits paid for the exclusive sale rights of car parking spaces to Ronshine China Group, which will be refunded to the Group when the relevant car parking spaces are sold. The remaining balances are unsecured, interest-free and repayable on demand.

(ii) Above trade receivables and trade payables due from/to related parties are trade in nature, while the other receivables and other payables due from/to related parties, except performance guarantee deposits, are non-trade in nature.

Trade and other receivables, and trade and other payables due from/to related parties are unsecured and interest-free.

29 DIRECTORS' BENEFITS AND INTERESTS

The following directors were appointed and resigned during the year ended 31 December 2022 and 2023:

Executive directors
Mr. Ou Zonghong (resigned on 12 September 2023)
Mr. Ma Xianghong
Ms. Lin Yi
Mr. Ou Guofei (appointed on 12 September 2023)

Non-executive director
Ms. Lin Liqiong (resigned on 12 September 2023)

Independent non-executive directors
Mr. Kwok Kin Kwong Gary
Mr. Ye Azhong
Mr. Chen Zhangwang

(a) Directors' emoluments

The directors received emoluments from the Group for the year ended 31 December 2023 as follows:

Name	Fees RMB'000	Salaries RMB'000	Housing allowance and contributions to a retirement benefit scheme RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Executive directors					
Mr. Ou Zonghong	313	–	–	–	313
Mr. Ma Xianghong	–	1,560	103	1,040	2,703
Ms. Lin Yi	–	390	101	255	746
Mr. Ou Guofei	136	–	–	–	136
Non-executive director					
Ms. Lin Liqiong	313	–	–	–	313
Independent non-executive directors					
Mr. Chen Zhangwang	135	–	–	–	135
Mr. Ye Azhong	135	–	–	–	135
Mr. Kwok Kin Kwong Gary	135	–	–	–	135
	1,167	1,950	204	1,295	4,616

29 DIRECTORS' BENEFITS AND INTERESTS (Continued)

(a) Directors' emoluments (Continued)

The directors received emoluments from the Group for the year ended 31 December 2022 as follows:

Name	Fees RMB'000	Salaries RMB'000	Housing allowance and contributions to a retirement benefit scheme RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Executive directors					
Mr. Ou Zonghong	447	–	–	–	447
Mr. Ma Xianghong	–	1,721	143	960	2,824
Ms. Lin Yi	–	529	86	196	811
Non-executive director					
Ms. Lin Liqiong	447	–	–	–	447
Independent non-executive directors					
Mr. Chen Zhangwang	127	–	–	–	127
Mr. Ye Azhong	127	–	–	–	127
Mr. Kwok Kin Kwong Gary	134	–	–	–	134
	1,282	2,250	229	1,156	4,917

During the years ended 31 December 2023 and 2022, no remuneration was paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. Neither the chief executive nor any of the directors waived any emoluments for the years ended 31 December 2023 and 2022.

(b) Directors' retirement benefits and termination benefits

During the year ended 31 December 2023, there were no termination benefit nor no additional retirement benefit received by the directors except for the attributions to a retirement benefit scheme in accordance with the rules and regulations in the PRC (2022: nil).

(c) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2023, the Group did not pay consideration to any third parties for making available directors' services (2022: nil).

(d) Information about loans, quasi-loans and other dealings in favor of director, controlled bodies corporate by and connected entities with such director

During the year ended 31 December 2023, there were no loans, quasi-loans and other dealings entered into by the Company or subsidiaries undertaking of the Company, where applicable, in favor of director (2022: nil).

(e) Directors' material interest in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted as of 31 December 2023 or at any time during the year (2022: nil).

30 PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the principal subsidiaries of the Company at 31 December 2023 and 2022 are set out below:

Name	Date of incorporation/ establishment	Place of incorporation	Registered/ issued capital	Attributable equity interest of the Group 31 December 2022	2023	Principal activities and place of operation
Directly owned:						
Euclidean Service	16 April 2020	BVI	–	100%	**100%**	Investment holding In BVI

Name	Date of incorporation/ establishment	Place of incorporation and type of legal entity	Registered/ issued capital	Attributable equity interest of the Group 31 December 2022	2023	Principal activities and place of operation
Indirectly owned:						
Acme Rongxiang Co., Limited 極致融享有限公司	20 May 2020	Hong Kong, limited liability company	HK$100	100%	**100%**	Investment holding in Hong Kong
Fujian Rongdian Enterprise Management Consulting Co., Ltd. * 福建融點企業管理諮詢有限公司	18 August 2020	The PRC, wholly owned by Legal persons from Hong Kong	RMB2,000,000	100%	**100%**	Investment holding in Fujian
Shanghai Ouxing Tuye Enterprise Development Co., Ltd.* 上海歐興途業企業發展有限公司	2 July 2020	The PRC, wholly owned by foreign-invested enterprises as legal persons	RMB88,000,000	100%	**100%**	Investment holding in Shanghai
Rongxin Shiou Property Service Group Ltd.* 融信世歐物業服務集團有限公司	29 April 2011	The PRC, sole proprietorship of legal person invested or controlled by natural person	RMB50,000,000	100%	**100%**	Property management services in Fujian
Ronshine (Fujian) Property Management Co., Ltd.* 融信（福建）物業管理有限公司	5 July 2004	The PRC, investment or holding by natural persons	RMB5,000,000	100%	**100%**	Property management services in Fujian
Fujian Shiou Commercial Management Co., Ltd.* 福建世歐商業管理有限公司	23 September 2016	The PRC, sole proprietorship of legal person invested or controlled by natural person	RMB5,000,000	100%	**100%**	Property management services in Fujian
Fuzhou Hemei Environmental Service Co., Ltd.* 福州和美環境服務有限公司	21 December 2015	The PRC, sole proprietorship of legal person invested or controlled by natural person	RMB5,000,000	100%	**100%**	Cleaning service in Fuzhou
Fujian Rongguan Electromechanical Engineering Co., Ltd.* 福建融冠機電工程有限公司	2 September 2016	The PRC, sole proprietorship of legal person invested or controlled by natural person	RMB10,000,000	100%	**100%**	Engineering construction services in Fuzhou
Fujian Xinde Property Service Co., Ltd.* 福建信德物業服務有限公司	24 November 2005	The PRC, sole proprietorship of legal person invested or controlled by natural person	RMB30,000,000	100%	**100%**	Property management services in Fujian
Shanghai Ronglin Trading Co., Ltd.* 上海融鄰貿易有限公司	24 October 2018	The PRC, sole proprietorship of legal person not invested or controlled by natural person	RMB2,000,000	100%	**100%**	Sales service in Shanghai
Shanghai Rongmao Real estate Brokerage Co., Ltd.* 上海融茂房地產經紀有限公司	3 December 2018	The PRC, sole proprietorship of legal person not invested or controlled by natural person	RMB2,000,000	100%	**100%**	Real estate information consultation in Shanghai
Fuzhou Hairun Security Service Co., Ltd.* 福州海潤保安服務有限公司	10 October 2016	The PRC, sole proprietorship of legal person not invested or controlled by natural person	RMB5,000,000	100%	**100%**	Security service in Fuzhou
Mianyang Rongxin Shiou Property Service Co., Ltd.* 綿陽融信世歐物業管理有限公司	20 January 2021	The PRC, sole proprietorship of legal person not invested or controlled by natural person	RMB1,000,000	100%	**100%**	Property management services in Mianyang

* The English names of the subsidiaries represent the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

None of the subsidiaries had issued any debt securities at the end of the year.

31 BALANCE SHEET OF THE COMPANY

	Notes	As of 31 December 2023 RMB'000	2022 RMB'000
Assets			
Non-current assets			
Investment in a subsidiary		**644,435**	645,141
Current assets			
Other receivable		**–**	5
Cash and cash equivalents		**1,145**	5,414
		1,145	5,419
Total assets		**645,580**	650,560
Equity			
Share capital	20.1	**4,234**	4,234
Share premium	20.2	**663,027**	663,027
Accumulated losses	(a)	**(45,144)**	(40,453)
Total equity		**622,117**	626,808
Liabilities			
Current liabilities			
Other payables and accruals		**1,862**	2,151
Amount due to a subsidiary		**21,601**	21,601
Total liabilities		**23,463**	23,752
Total equity and liabilities		**645,580**	650,560

The balance sheet of the Company was approved by the board of directors on 27 March 2024 and was signed on its behalf by:

Ma Xianghong
Director

Lin Yi
Director

31 BALANCE SHEET OF THE COMPANY (Continued)

(a) Reserve movements of the Company

	Accumulated losses RMB'000
Balance at 1 January 2022	(35,008)
Loss for the year	(5,445)
Balance at 31 December 2022 and 1 January 2023	(40,453)
Loss for the year	**(4,691)**
Balance at 31 December 2023	**(45,144)**

FIVE YEARS' FINANCIAL SUMMARY

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited consolidated financial statements and the Prospectus, is set out below:

	Year ended 31 December				
	2023	2022	2021	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**901,187**	876,840	990,942	750,425	518,432
Cost of sales	**(728,786)**	(703,937)	(712,498)	(534,114)	(351,195)
Gross profit	**172,401**	172,903	278,444	216,311	167,237
Selling and marketing expenses	**(3,919)**	(7,222)	(5,321)	(8,203)	(6,530)
Administrative expenses	**(74,218)**	(90,919)	(112,396)	(92,257)	(62,992)
Net impairment (losses)/gains on financial assets	**(82,765)**	(56,611)	1,653	21	(1,341)
Other income	**2,753**	5,973	6,265	4,655	1,427
Other gains or losses	**1,320**	622	(1,432)	1,087	1,199
Operating profit	**15,572**	24,746	167,213	121,614	99,000
Finance income	**1,312**	2,301	1,772	545	150
Finance cost	**(144)**	(293)	(574)	(260)	(101)
Finance (cost)/income – net	**1,168**	2,008	1,198	285	49
Profit before income tax	**16,740**	26,754	168,411	121,899	99,049
Income tax expenses	**(6,082)**	(8,356)	(48,900)	(36,828)	(27,544)
Profit and total comprehensive income for the year	**10,658**	18,398	119,511	85,071	71,505

	As of 31 December				
	2023	2022	2021	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	**1,298,040**	1,198,023	1,154,545	422,593	382,387
Total equity	**712,397**	701,793	695,341	55,367	108,296
Total liabilities	**585,643**	496,284	459,204	367,226	274,091