新希望服務控股有限公司
NEW HOPE SERVICE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 3658

ANNUAL REPORT
2021

CONTENT

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ms. Wu Min
Ms. Chen Jing

Non-executive Directors

Mr. Zhang Minggui *(chairman)*
Mr. Jiang Mengjun
Mr. Dong Li
Ms. Huang Kun

Independent Non-executive Directors

Mr. Cao Qilin
Mr. Li Zhengguo
Mr. Yan Lap Kei Isaac *(passed away on 16 February 2022)*
Mr. Kong Chi Mo *(appointed on 16 February 2022)*

AUDIT COMMITTEE

Mr. Kong Chi Mo *(chariman)*
Mr. Jiang Mengjun
Mr. Li Zhengguo

REMUNERATION COMMITTEE

Mr. Cao Qilin *(chairman)*
Ms. Huang Kun
Mr. Li Zhengguo

NOMINATION COMMITTEE

Mr. Zhang Minggui *(chairman)*
Mr. Li Zhengguo
Mr. Cao Qilin

JOINT COMPANY SECRETARIES

Ms. Zhao Xiaoxing
Mr. Lau Kwok Yin

HONG KONG LEGAL ADVISOR

Sidley Austin
Level 39
Two International Finance Centre
8 Finance Street
Central
Hong Kong

AUTHORIZED REPRESENTATIVES

Ms. Chen Jing
Mr. Lau Kwok Yin

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre
248 Queen's Road East
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Hong Kong

THE CAYMAN ISLANDS PRINCIPAL SHARE REGISTER AND TRANSFER OFFICE

Appleby Global Services (Cayman) Limited
71 Fort Street
PO Box 500
George Town
Grand Cayman KY1-1106
Cayman Islands

HONG KONG SHARE REGISTRAR

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

COMPLIANCE ADVISOR

Orient Capital (Hong Kong) Limited
28/F-29/F
100 Queen's Road Central
Central
Hong Kong

AUDITOR

KPMG
Certified Public Accountants
Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance
8/F, Prince's Building
10 Chater Road
Central
Hong Kong

PRINCIPAL BANK

China Merchants Bank
Chengdu Jinguancheng Sub-branch
Building 5
Times Sunny Garden
8 Hangkong Road
Chengdu City
Sichuan Province
China

REGISTERED OFFICE

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George Town, Grand Cayman, KY1-1106
Cayman Islands

PRINCIPAL PLACE OF BUSINESS AND HEADQUARTERS IN CHINA

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Jinjiang District
Chengdu, Sichuan
China

STOCK CODE

3658

COMPANY'S WEBSITE

newhopeservice.com.cn

Chronicle of Events in 2021

Listing on the main board of HKEX

On 25 May 2021, New Hope Service Holdings Limited (the "**Company**" or "**New Hope Service**", together with its subsidiaries, the "**Group**") was officially listed on the main board of the HKEX with the stock code of 3658.HK.

Cooperated for win-win results and worked hand in hand to write a new chapter

On 16 June 2021, New Hope Service signed a strategic cooperation agreement with AVIC Property, a subsidiary of China Merchants Property Operation. According to the agreement, both parties will play a synergistic role in urban space services, government canteen services, public construction project property services and retail procurement services.

On 1 July 2021, New Hope Service cooperated with Beike (貝殼) in establishing Sichuan Button Neighborhood Selection Technology Co., Ltd. (四川紐扣選鄰科技有限公司) to expand its asset management business.

On 20 August 2021, New Hope Service signed a strategic cooperation agreement with TUYA.US, which mainly integrated and linked the whole-link resources to the construction of IoT middle-ground and IoT platform in the application of Internet of Things, and jointly built smart property ecology.

On 13 October 2021, New Hope Service signed a strategic cooperation agreement with Gulou District People's government of Fuzhou City, Fujian Province, and planned to build a benchmark project in the fields of property management, urban service, business management, smart community, medical care and health in Fuzhou.

Multi-formats co-exist along with rapid expansion

In 2021, New Hope Service expanded rapidly. In addition to the existing formats, it involved in canteens, schools, cultural tourism towns and other formats and achieved breakthroughs in the journey of multi-format development.

Intensified service contents with higher quality

In 2021, it implemented the green living service system with successful implementation of detailed items; launched the Green Landscape Action, including establishment of several greening demonstration projects; and performed errand service across China.

Chronicle of Events in 2021

Diversified life services and multi-dimensional expansion of business lines

In 2021, it built a canteen of Wenzhou Liti City Shopping, a canteen of Shanghai Peninsula Science and Technology Park and a canteen of Chengdu Cancer Hospital to realize multi-format and cross-regional operation capabilities in terms of group catering;

New retail-Button Lexuan (紐扣樂選) added a new business of gifts and gift boxes, which customizes gift boxes and souvenirs for a number of companies during festivals such as the Spring Festival, Mid-Autumn Festival and Dragon Boat Festival;

Button Neighborhood Selection started the new house business and parking space sales of several projects, and reached cooperation with Huashang Jiaozi Mansion, mainly providing with residential and apartment rental, office rental, financial warrant services, and online notarization services for different places;

Button Shuju launched various different apartment decoration styles. SKU released quotation standards such as home decoration, main materials, furniture and building materials. The product categories covered five main materials, interior decoration, and home appliances;

Smart technology construction to improve service efficiency and service level

In 2021, New Hope Service created intelligent living experience, and smart access control covered several projects to fully take hold of the entrance and exit data of various zone projects and realize online management of the entry and exit;

Among them, Smart Vehicle Management Cloud System: launched in a number of projects; Smart Exploration: exploring unattended products and practical schemes, and completed the pilot transformation in several projects and posts.

Fulfilling social responsibilities with concrete and inventive efforts

In December, New Hope Services joined the China Charity Federation, Yonghao Charity Foundation and relevant authorities to launch the Shimmer Action, in which a number of caring booths were built throughout the year to provide care for urban outdoor service workers.

We actively promoted Party building, especially participation in community-level Party building, by setting up 13 Party branches across the nation. We also carried out 8 kinds of activities including blood donation, community convenience service, charity running, volunteer activities and original aspiration classrooms, as well as many Party service activities.

Awards and Recognitions

Awards and Recognitions

We received 114 recognitions throughout the year, among which the major awards are as follows:

1


2


3


4


1. The Company was awarded the "2021 Top 100 Property Management Companies in China (2021中國物業服務百強企業)" by Beijing China Index Academy

2. The Company was awaded the "2021 Outstanding Hospital Property Service Enterprise in China (2021中國醫院物業服務優秀企業)" by Beijing China Index Academy

3. The Company was awarded the "TOP 40 Property Management Companies in China in terms of Overall Strength (中國物業服務企業綜合實力TOP40)" by EH Consulting and Jiahe Jiaye (億翰智庫•嘉和家業) (ranked 34th)

4. The Company was awarded the "2021 TOP 40 Property Management Companies for Superior Service Capabilities in China (2021年中國物企超級服務力TOP40)" by EH Consulting and Jiahe Jiaye (ranked 34th)

5. The Company was awarded the "TOP 10 Property Management Companies in China in terms of Revenue Generating Capacity per Square Meter in 2021 (2021中國物業服務企業單坪創收十強)" by EH Consulting and Jiahe Jiaye

6. The Company was awarded the "Top 50 Customer Satisfaction Model Enterprises of China's Property Service Enterprises in 2021" Prize by EH Consulting and Jiahe Jiaye

7. The Company was awarded the "Top 10 China's Property Service Enterprises in Southwest China in terms of Competitiveness" awarded by EH Consulting and Jiahe Jiaye

8. The Company was awarded the "2021 Golden Kylin Listed Company of Hong Kong/US Stock with the Most Growth Potential" Prize by Sina Finance

9. The Company was awarded the "11th China Securities Bauhinia Award—Listed Company with Most Investment Value" Prize by Ta Kung Pao

Chairman's Statements

Seek Long-term Development Based on Lifestyle Services

I am pleased to present to all shareholders the review of the Group's annual report for the year ended 31 December 2021 and outlook to the future.

The COVID-19 pandemic that is raging around the world has brought great changes to the world. In the post-pandemic era, China's economy is shifting from high-speed growth to high-quality growth and the "reform, upgrading and pattern reshaping" are the main keynotes, so is the property management industry. "Reform and upgrading" mean that people identify more with the value of property management and have more demands for quality services, and are more willing to pay quality services. The development boundaries of the property management industry and the growth of vertical fields are also undergoing transformation and upgrading with the help of demand changes and capital. In addition, we have also seen the impact of real estate on the "pattern reshaping" of property management. When the real estate enters the policy adjustment stage, the performance of the property management industry in the capital market also tends to be rational, and the independence of property management companies is increasingly valued.

Of course, we have also seen policy support and guidance for property management development. The year 2021 marks the first year of the "14th Five-Year Plan" period and the 40th anniversary of the development of the property management industry. In the 14th Five-Year Plan, the operation behaviors of property management enterprises are regulated to effectively protect the rights and interests of owners and improve the services coverage of the property management on the one hand; requirements are also put forward for service standardization, service quality and level on the other hand. Meanwhile, ten ministries and commissions including the Ministry of Housing and Urban-Rural Development of the State Council issued the *Notice on Strengthening and Improving Residential Property Management* in early 2021, encouraging property management companies to actively explore the extension of their service scope and making "property +" a key word, and the inclusion of property management service into the scope of life services has also become another trend in the development of the industry. "Property +" has also become another acting focus through which property management companies seek "differentiated advantages" and enhance market competitiveness, and particularly the marginal effect from enterprises' active breakthrough in the business development mode, construction of the multi-format service capabilities, continuous exploration for the subdivided value-added industries and strengthened management innovation and science and technology input.

The year 2021 is a milestone for New Hope Service Holdings Limited. From going listed to embrace the test of the capital market to offering the first results, we have been firm in our strategic positioning of serving people's livelihood, cherishing a long-term vision and pursuing sustainable development. The industrial environment and corporate performance also allow us to verify and stick to our development ideas.

Performance Review

Fulfilling expectations in less than one year after listing

On 25 May 2021, New Hope Service Holdings Limited was listed on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). As at 31 December 2021, the revenue of the Group amounted to RMB925.0 million, representing an increase of 57.2% as compared to that for the corresponding period of 2020. The profit attributable to the equity shareholders of the Company was RMB165.9 million, representing an increase of 51.1% as compared to that for the corresponding period of 2020. With the one-off listing expenses excluded, the adjusted profit attributable to the equity shareholders of the Company was RMB186.6 million, representing an increase of 60.6% as compared to that for the corresponding period of 2020. Meanwhile, in order to reward shareholders for their support of the Group, the board (the "**Board**") of directors (the "**Directors**") of the Company decided to declare the payment of a final dividend of RMB0.071 per Share with a dividend payout ratio of approximately 35.0%.

Behind the steady growth of various performance indicators is our exploration between scale expansion and improvement of efficiency and profit. Upholding the positioning of being a "lifestyle service operator", we have enhanced scale expansion and differentiated services of lifestyle.

Deepened expansion for resilient growth

Steady growth in service coverage underpins the development of a company. In the increasingly fierce market competition, we insist on the strategy of in-depth regional engagement with a focus on external expansion, to enhance marketing ability and independence. Meanwhile, based on the residential business, we continue to expand other segmented sectors to achieve high-quality growth in management scale. To this end, we mainly focused on the following two aspects in 2021:

Firstly, we deepened our expansion in the Chengdu-Chongqing urban agglomeration and the Eastern China metropolitan area, focusing on high-energy-level cities. During the year ended 31 December 2021, we expanded our business to 23 cities across the country. 93.3% of gross floor area (the "**GFA**") under management of the Group were located in first-tier, new first-tier and second-tier cities in China, with a contracted area of 26.4 million square metres (the "**sq.m**"), an increase of 72.2% over the corresponding period last year. GFA under management was approximately 16.2 million sq.m, an increase of 58.2% over the same period in 2020 and we had 49.6% and 35.7% of GFA under management in Southwestern China region and Eastern China region respectively. The ratio of contracted GFA to GFA under management was 1.63, which laid a solid foundation for future development.

Secondly, the Company's independence and capabilities in marketing expansion rapidly improved. In 2021, GFA under management from the third-party property developers of the Group (including properties developed by independent third parties and the joint ventures or associates of New Hope Group Co., Ltd. (新希望集團有限公司) (the "**New Hope Group**") increased year on year by 140.9% to 7.4 million sq.m., accounting for 45.5%. Among them, the GFA under management entirely from independent third-party property developers amounted to 4.6 million sq.m, representing an increase of 312.0% compared with the same period of last year. Meanwhile, we added new segmented sectors such as schools, hospitals and urban spaces through market expansion, further optimizing our management structure. The steady increase in independence is the combined result of multiple initiatives such as optimizing the allocation of our market expansion team, building and improving our expansion channels, and enhancing our incentive mechanism.

Oriented to lifestyle services to accumulate power for upward development

The positioning of "lifestyle services" is the key to differentiating the Group from other property management companies. The key to transforming from the "No.1 share in lifestyle services" to the "value share in lifestyle services" lies in how to further strengthen New Hope Group's basis for its lifestyle services industry chain into the service and product advantages of New Hope Service.

In 2021, we leveraged our good brand reputation to expand the scale of quality customers, from living communities to commercial and office buildings, hospitals, urban spaces, other property management companies, and governmental organizations, etc. At the same time, the Company extensively connected industry segments within the New Hope Group, and constantly extended its service boundaries to generate revenue and profit by satisfying customers' demand for lifestyle services. We achieved revenue of RMB253.5 million, an increase of 116.2% over the same period last year, accounting for 27.4% of total revenue. Our performance contribution has been increasing, and we ranked No. 2 among the listed property management companies in terms of the percentage of multiple operating revenues according to China Property Index Academy (中指物業研究院).

In particular, our community living services are focused on the daily needs of residents. We effectively communicated with customers through quality services and formed accurate customer profiles, and then combining with the maintenance and upgrade of housekeeping services, stimulated and explored customers' demand, thus achieving business multiplication.

In terms of asset management services, we have improved management efficiency and helped increase revenue and reduced costs through technological empowerment. In the key area of parking lot management, we have implemented the "Vehicle Management Cloud" system to improve the effectiveness of revenue. On the rental and sales side, we have fully utilized the advantages of our strategic partners and cooperated with BEKE to realize the interaction and reinforcement of resources and further enhance the market competitiveness of asset management.

In terms of new retail, as one of the customer-facing terminals of New Hope Group, we have integrated internal resources in the living service industry, and made full use of New Hope's own brands and products while connecting with other brands to achieve the expansion of retail categories and the enrichment and upgrade of supply chain. Through our online platform and offline channels, we have provided customers with high-quality retail products.

At the same time, our group catering services also achieved steady growth. Thanks to the industrial safety guarantee and effective supply chain support of meat and poultry, dairy, condiments, food, oil and vegetables, and FMCG food, we can greatly shorten the time from raw materials to table and provide fresh, safe and nutritious food and integrated catering services. In 2021, the business has formed a multi-city network, covering industrial parks, governmental organizations, medical institutions and other industries.

Service-oriented and intelligence-empowered

Consumers and residents are important strategic assets of the Group, but in the face of the complex and ever-changing competition in the industry, we are put to the test of grasping customers' demand, controlling the service process, and refining the management ability of business behavior. In specific business development, we focus on improving "service capacity" and "smart capacity". During the year ended 31 December 2021, we continuously improved the service capacity around our pan-scenario service system to lay foundation for living service development through premium service quality, high service capacity and high satisfaction. Through the Group's five standardized quality construction projects of "window image, dynamic management, intelligent technology, empowerment system and quality supervision", the Group achieved a 100% renewal ratio of projects under management, a 92.2% commercial leasing ratio and a 96.9% collection ratio respectively in 2021. The "14th Five-Year Plan" government work report proposes to accelerate the development of digitization, promote the transformation of digital industry and industry digitization, and build a digital China, which is also the way for enterprises to move towards the era of intelligence. In 2021, the Group accelerated its digital transformation through new construction and system expansion in the areas of smart community system, customer service system, business empowerment system and internal control management system to achieve data interoperability, analysis and visualization management platform construction.

Practicing internal skills is the key to implementing strong strategy, and internal efficiency has also become the trend. In 2021, we will establish the "revenue generation+, efficiency+, and service+" evaluation system, refine management actions by the smallest operating unit through the standardization of systems, methods and tools, and empower lean projects, helping reduce the management cost rate to 16.0%, and achieving the purpose of reduction of its cost and improvement of efficiency.

Prospects and Outlook

We firmly expect the industry to develop positively in the long run, both from the policy side and the demand side, and from the perspectives of capital market, talent inflow and continuously improvement of concentration, the development trend is positive. From horizontal development to vertical development, the trend of deep expansion in sub-segments has been strengthened, and it has become an industry consensus to "expand service boundaries and make community value-added services the second growth curve". At the same time, technology will help upgrade development, but operation management capability is fundamental. With the empowerment of digitalization for customer life-cycle management, smart community construction, operation at anytime and anywhere have become the new direction. Finally, differentiated development and improvement of core competitiveness are the key to harvesting sustainable growth value in mismatched areas.

In the future, we will adhere to our positioning as a "lifestyle service operator", and continue to maximize the value of lifestyle services and increase profits on the basis of a solid foundation. Specifically, the Group will continue to expand in the metropolitan areas and urban agglomerations in China to increase the construction of market development teams, enhance the business scale in a high-quality manner, and further improve the independence of the Company. At the same time, focusing on the residents' desire for a better life, the Group will increase industrial cooperation with New Hope Group, open up the internal supply chain through strong synergies, and improve the supply and low-cost capacity of high-quality products, so as to achieve a differentiated breakthrough and sustainability of lifestyle services. In addition, we will increase our investment in technology to reduce costs and improve efficiency, and insist on continuously improving the service capacity of the Company to meet customers' demand, so as to build a solid foundation for the Company's steady growth in the future with standardized, creative and high-quality basic services.

Acknowledgements

2021 is the first year of the listing of New Hope Service, we are grateful for the support of each and every shareholder, and we also feel a sense of responsibility. We will continue to create long-term value through continuous growth with more executive actions, better quality services, and more innovative businesses, and we are determined to forge ahead into the future!

New Hope Service Holdings Limited
Chairman
Zhang Minggui

Management Discussion and Analysis

BUSINESS REVIEW

Overview

We are a well-established comprehensive property management and lifestyle service operator in China, providing property management services, value-added services to non-property owners, commercial operational services and lifestyle services. In December 2021, we received "2021 TOP 40 Property Management Companies for Superior Service Capabilities in China (2021年中國物企超級服務力TOP40)" from EH Consulting and Jiahe Jiaye (億翰智庫•嘉和家業), and ranked 34th among "2021 TOP 40 Property Management Companies in China in terms of Overall Strength (2021中國物業服務企業綜合實力TOP40)", named for two consecutive years "TOP 10 Property Management Companies in China in terms of Revenue Generating Capacity per Square Meter (中國物業服務企業單坪創收十強)" by EH Consulting and Jiahe Jiaye, and received for the first time "2021 Outstanding Hospital Property Management Companies in China (2021中國醫院物業服務優秀企業)" from China Index Academy. As at 31 December 2021, we provided services in 23 cities nationwide, with an aggregate contracted gross floor area (the "**GFA**") of 26.4 million square metres (the "**sq.m.**"), representing an increase of 72.2% as compared to the same period last year. Among which, 16.2 million sq.m. was GFA under management, representing an increase of 58.3% as compared to the same period last year. The ratio of contracted GFA to GFA under management was 1.63.

In 2021, by operating multiple services, reducing costs and enhancing efficiency through technology, the Group recorded revenue of approximately RMB925.0 million, representing an increase of 57.2% as compared to the same period last year. It achieved a net profit of RMB165.9 million, representing an increase of 51.1% as compared to the same period last year, and an adjusted net profit of RMB186.6 million (by excluding one-off listing expenses), representing an increase of 60.6% as compared to the same period last year. Meanwhile, the Group maintained a relatively high net profit margin of 17.9%, an adjusted net profit margin of 20.2% (by excluding one-off listing expenses), representing an increase of 0.4% as compared to the same period last year. By centering on clients' living consumption demands, the Group realized a diversified ecosystem of services and achieved rapid growth in lifestyle services segment. During the year ended 31 December 2021 (the "**Reporting Period**"), the Group recorded a revenue of approximately RMB253.5 million in such segment, representing an increase of 116.2% as compared to the same period last year. Meanwhile, we adopted lean management measures to further decrease management fee rate, and recorded a management fee rate of approximately 16.0% (excluding one-off listing expenses), representing a decrease of 3.0% as compared to the same period last year. By sticking to wining clients' satisfaction, one of the core objectives we upheld in providing services, we insisted on maintaining quality services with relatively high client satisfaction, in 2021, our renewal rate for projects under management was 100%, and our commercial occupancy rate and collection rate were 92.2% and 96.9%, respectively.

As the Company's marketing ability, brand influence and service capacities constantly enhanced, our ability in maintaining independent development was further testified. As compared to the same period of last year, GFA under management of the third-party property developers[1] of the Group increased by 140.9% to 7.4 million sq.m., accounting for 45.5% of total GFA under management of the Group and representing an increase of 15.6% as compared to 29.9% of the same period last year. Meanwhile, by continuously increase efforts spent in Southwestern China region in particular Chengdu-Chongqing urban agglomeration, and Eastern China region, we had respective 49.6% and 35.7% of GFA under management from the two regions during the Reporting Period. By insisting regional cultivation and focusing on first-tier, new first-tier and second-tier cities, we were able to maintain relatively high management fee per sq.m. In 2021, the Group's average management fee per sq.m. was RMB3.06.

[1] represent properties solely developed by independent third-party property developers and properties developed by joint ventures or associates of Sichuan New Hope Property Development Co., Ltd. (四川新希望房地產開發有限公司) ("**New Hope Property**") and/or its subsidiaries (collectively, "**New Hope Property Group**") in which New Hope Property Group has no controlling interest

Business Model of the Group

During the Reporting Period, the Group generated revenue primarily from four business segments: (i) property management services; (ii) value-added services to non-property owners; (iii) commercial operational services; and (iv) lifestyle services.

Property Management Services

Continuous High Quality Growth in Management Size

Continuously expanding GFA under management is one of our solid development strategies. During the Reporting Period, we had achieved rapid growth both in contracted GFA and GFA under management through multiple ways. We had contracted approximately 160 property management projects in 23 cities nationwide, with a contracted GFA of 26.4 million sq.m., representing a year-on-year increase of 72.2%. Meanwhile, we had 104 properties under management with a GFA under management of 16.2 million sq.m., representing a year-on-year increase of 58.3%. The ratio of contracted GFA to GFA under management was 1.63.

	As at 31 December 2021	As at 31 December 2020	Growth rate %
Number of properties the Group was contracted to manage	**160**	91	75.8
Number of properties under management	**104**	65	60.0
Contracted GFA *(0'000 sq.m.)*	**2,638.0**	1,532.3	72.2
GFA under management *(0'000 sq.m.)*	**1,620.9**	1,024.1	58.3

Going-on cultivation in Chengdu-Chongqing urban agglomeration and Eastern China region

We insisted on the strategy of regional cultivation and increasingly enhanced our management density across cities with Southwestern China region mainly represented by Chengdu-Chongqing urban agglomeration and Eastern China region, a more economically-developed area in China, as our focus areas. As at 31 December 2021, the Group's contracted GFA in the two regions respectively accounted for 39.3% and 42.1% of total contracted GFA, among which, GFA under management respectively accounted for 49.6% and 35.7% of total GFA under management. Meanwhile, Eastern China region recorded significant increases in area size, and its contacted GFA and GFA under management respectively increased by 82.6% and 95.2% as compared to the same period last year, the ratio of contracted GFA to GFA under management was 1.92.

The table below sets forth a breakdown and growth rate of our total GFA under management by region as of the dates indicated:

	As of 31 December 2021			As of 31 December 2020			
Region distribution	**Number of projects**	**GFA under management (sq.m. 0'000)**	**Percentage %**	Number of projects	GFA under management (sq.m. 0'000)	Percentage %	Growth rate %
Southwestern China region	**47**	**803.8**	**49.6**	32	519.0	50.7	54.9
Eastern China region	**38**	**578.5**	**35.7**	19	296.4	28.9	95.2
Southern China region	**12**	**172.5**	**10.6**	8	149.9	14.6	15.1
Northern China region	**7**	**66.1**	**4.1**	6	58.8	5.8	12.5
Total	**104**	**1,620.9**	**100.0**	65	1,024.1	100.0	58.3

The table below sets forth a breakdown and growth rate of our total contracted GFA by region as of the dates indicated:

Region distribution	As of 31 December 2021 Contracted GFA (sq.m. 0'000)	Percentage %	As of 31 December 2020 Contracted GFA (sq.m. 0'000)	Percentage %	Growth rate %	Ratio of contracted GFA to GFA under management
Southwestern China region	**1,036.1**	**39.3**	685.7	44.7	51.1	1.29
Eastern China region	**1,109.9**	**42.1**	607.8	39.7	82.6	1.92
Southern China region	**298.6**	**11.2**	149.9	9.8	99.2	1.73
Northern China region	**159.6**	**6.1**	88.9	5.8	79.6	2.41
Central China region	**33.8**	**1.3**	/	/	/	/
Total	**2,638.0**	**100.0**	1,532.3	100.0	72.2	/

As at 31 December 2021, the property projects served by the Group had covered 13 provinces, autonomous regions and municipalities in China. 93.3% of GFA under management of the Group were located in first-tier, new first-tier and second-tier cities in China and we will continue our cultivation in the cities above in the future.

The table below sets forth a breakdown of our total GFA under management by city tier as at the dates indicated and our revenue from property management services by city tier for the periods indicated:

Tier of city	As at/for the year ended 31 December 2021 Number of projects	GFA under management (sq.m. 0'000)	Revenue (RMB'000)	%	As at/for the year ended 31 December 2020 Number of projects	GFA under management (sq.m. 0'000)	Revenue (RMB'000)	%
First-tier cities[1]	**3**	**14.7**	**8,312**	**2.6**	1	4.2	5,063	2.7
New first-tier cities[2]	**50**	**704.8**	**144,280**	**45.5**	31	394.8	96,345	50.8
Second-tier cities[3]	**47**	**793.5**	**161,948**	**51.0**	33	625.1	88,316	46.5
Other cities[4]	**4**	**107.9**	**2,715**	**0.9**	/	/	/	/
Total	**104**	**1,620.9**	**317,255**	**100.0**	65	1,024.1	189,724	100.0

Notes:

(1) First-tier cities in which we provide property management services includes Shanghai.

(2) New first-tier cities in which we provide property management services include Chengdu, Chongqing, Hangzhou, Suzhou, Ningbo, Shenyang and Qingdao.

(3) Second-tier cities in which we provide property management services include Dalian, Wenzhou, Nanning, Kunming, Ningbo and Jiaxing.

(4) Other cities in which we provide property management services include Liuzhou.

Type of properties developers

Maintained good and stable partnership with New Hope Group

The Group has a long and close business relationship with New Hope Group. With rapid growth of New Hope Group's business development, the Group grows up and benefits from the continuous development of various business segments of New Hope Group, especially the steady development of New Hope Property Group, and our services are overwhelmingly recognized by them. Thus, our cooperation with New Hope Group continues to grow well.

Strengthened market expansion to grasp the development opportunities of independent third-party markets

Robustly supported by the New Hope Group, we also actively explore third-party markets in diversified ways, and realized the placement of key areas in China through diversified channels, including but not limited to establishing service cooperation with various objects such as owners' committees, local governments, hospitals and schools, etc. By virtue of the professional market development ability of the team, the brand power with regional influence and the ability to realize recognized project operation and management, the Group in 2021 increased its the GFA under management from third-party property developers (including independent third parties and properties developed by associates or joint ventures of New Hope Property Group) by 140.9% compared our the same period of last year, accounting for 45.5% of total GFA under management. Its GFA under management entirely from independent third-party property developers (excluding properties developed by associates or joint ventures of New Hope Property Group) increased by 312% compared with the same period of last year, among which, we obtained the management right of first-hand projects of property developers by participating in the bidding competition of new development projects, such as A residential project in Ningbo, Zhejiang. We obtained the management right of second-hand projects by participating in the bidding for the replacement of the original property management service providers by the owners' committee, such as the B residential project in Wuxi and the C residential project in Ningbo. We also participated in bidding for public infrastructure projects, such as Honghe Branch of Agricultural Bank of China. At the same time, we actively sought to reach strategic cooperation with different partners and set up joint ventures to provide property management services. For example, we have successfully reached strategic cooperation with a state-owned asset investment group in Fuzhou to jointly develop business related to property management, commercial management and lifestyle services. We signed a strategic cooperation agreement with AVIC Property, a subsidiary of China Merchants Property Operation, and both parties will focus on synergy effect in government canteen services and public construction project property services.

Type of property developer	As at/for the year ended 31 December 2021				As at/for the year ended 31 December 2020			
	GFA under management (sq.m. 0'000)	%	Revenue (RMB'000)	%	GFA under management (sq.m. 0'000)	%	Revenue (RMB'000)	%
New Hope Property Group(1)	856.5	52.9	209,794	66.1	699.8	68.4	150,053	79.1
Associates of our ultimate controlling shareholders(2)	26.1	1.6	18,298	5.8	17.8	1.7	15,482	8.2
Third parties developers(3)	738.3	45.5	89,163	28.1	306.5	29.9	24,189	12.7
Total	1,620.9	100.0	317,255	100	1,024.1	100.0	189,724	100

Notes:

(1) Refer to properties solely developed by New Hope Property Group, as well as properties jointly developed by New Hope Property Group and other property developers in which New Hope Property Group held a controlling interest.

(2) Refer to properties developed by other associates of our ultimate controlling shareholders, namely Mr. Liu Yonghao (劉永好) and Ms. Liu Chang (劉暢).

(3) Refer to properties solely developed by independent third-party property developers and properties developed by joint ventures or associates of New Hope Property Group (New Hope Property Group does not hold a controlling interest in these properties).

Achieved multi-dimensional business coverage, and recognition of the ability in segmented business services

After one year's unremitting efforts, while keeping the growth in the GFA under management, the Group also has achieved further development of segment formats. The GFA under management of our main service format residential format accounts for 67.2% of total GFA under management, and the GFA under management of non-residential format accounted for 32.8% of total GFA under management. By expanding the third-party outreach level, the Group has added canteens, schools, industrial parks and other formats. As more non-residential markets were opened, we also seized the market opportunity, participated in market bidding, gained more market share, and entered more segmented sectors in the non-residential market, such as subway rail transit, scenic spots and government public buildings. We will continue to penetrate the local market with the acquired projects as the cornerstone of our development, so as to expand the GFA under management and enhance the intensity of the local market.

Format type	As at/for the year ended 31 December 2021				As at/for the year ended 31 December 2020			
	GFA under management		Revenue		GFA under management		Revenue	
	(sq.m. 0'000)	%	(RMB'000)	%	(sq.m. 0'000)	%	(RMB'000)	%
Residential	1,089.5	67.2	150,556	47.5	695.1	67.9	112,452	59.3
Non-residential								
– Commercial properties	363.9	22.5	81,635	25.7	210.0	20.5	70,420	37.1
– Other types of non-residential properties	167.5	10.3	85,064	26.8	119.0	11.6	6,852	3.6
Total	1,620.9	100	317,255	100	1,024.1	100	189,724	100

Lifestyle Services

We offer a wide range of lifestyle services, comprising (i) community living services, including turnkey furnishing services, repair and maintenance services for property owners and residents, convenient living services, common area management services and marketing activities; (ii) community asset management services, including carpark related services and property agency services; (iii) online and offline retail services and catering services. Focusing on residents' longing for a better life, we link the industrial resources of New Hope Group and provide diversified lifestyle services. In 2021, with the further improvement of the GFA under management and the service and product upgrade of customer needs-based, the Group has achieved rapid growth in lifestyle service sector through intelligent construction, product supply chain integration and professional operation team improvement. The Group's revenue from the lifestyle services reached RMB253.5 million, an increase of 116.2% over the same period of last year, whose proportion to the total revenue rose by 7.5%, from 19.9% in the same period of last year, up to 27.4%.

Exerted its strength on community management and constantly innovated business categories

In 2021, with the increase of the GFA under management, the community living services sector also upgraded its business category on the basis of 2020, and developed a number of customized value-added services such as home appliance cleaning, formaldehyde treatment, land reclamation and cleaning, and stone maintenance from the customer demand, covering most property projects under management across the country and achieving higher growth compared with the same period of last year. The turnkey furnishing services has achieved steady growth, and its business has spread all over Chengdu, Chongqing and the core cities of Yangtze River Delta. Through the integration of brand resources, professional product research and development design capabilities, the Group has built a highly secure community ecology.

Technology empowered asset management, and cooperation for Win-Win

In terms of community asset management, the Group improved the revenue of the community asset management service sector through technology empowerment. For example, through the application of Smart Vehicle Management Cloud System and project coverage, the Group improved the ability of accurate parking space asset management, and realized revenue increase and efficiency improvement. At the same time, the Group has cooperated with Beike (貝殼) to realize complementary and win-win resources by innovating the cooperation mode, therefore further enhancing the market capacity of asset management services.

Exerted great strength on new retail and group meals, and conducted operation of both B-end and C-end customer groups

In 2021, the Group gathered many branded products, especially products fully linked with New Hope Group, and leveraged Internet plus and existing service platforms to continuously improve the penetration rate of new retail business. Through the continuous exploration of customer needs by professional teams and the development of market-oriented channels, it has been widely recognized by B-end customers and C-end customers, and its new retail business has achieved rapid growth.

The Group also made efforts in the group meal business. As at 31 December 2021, the Group's group meal business had been distributed to five cities across the country, and the average number of customers receiving daily service increased significantly compared with last year. In 2021, it became a "Member of China Cuisine Association" and completed the certification of five major systems such as "Food Safety" and "Occupational Health". At present, the Group has carried out group meal business in industrial parks, financial institutions, government and enterprise agencies and medical institutions in different cities. In practice, the Group has built core competitiveness such as multi-format and cross-regional group meal operation capability. For example, the Group successfully won the bid for the canteen project of Sichuan Cancer Hospital in 2021, highlighting the operation capability in the field of high-standard group meal, and the recognition of standardized operation capability by the market.

The following table sets forth a breakdown of our revenue from lifestyle services:

	For the year ended 31 December 2021		For the year ended 31 December 2020		
	Revenue (RMB'000)	**Percentage %**	Revenue (RMB'000)	Percentage %	Growth rate %
Community living services	**160,063**	**63.2**	64,186	54.8	149.4
Community asset management services	**42,910**	**16.9**	20,667	17.6	107.6
Online and offline retail services and catering services	**50,573**	**19.9**	32,395	27.6	56.1
Total	**253,546**	**100.0**	117,248	100.0	116.2

Commercial Operational Services

The Group provides commercial operational services to commercial properties, mainly including market research and positioning and tenant solicitation services, commercial operation services and commercial property leasing. We have a long-term and stable cooperation with the New Hope Property Group, and have provided commercial operational services to commercial properties developed by New Hope Property Group.

In 2021, the Group managed 13 projects in 6 cities across the country, covering office buildings, commercial blocks, shopping centers, industrial parks and specialty markets. During the Reporting Period, the Group has realized higher collection rate and occupancy rate of 96.9% and 92.2% respectively as of 31 December 2021. The Company's business management team achieved sustained and steady growth of business operation revenue in 2021 by virtue of its professional pre-planning, start-up and business operation capabilities, which benefited from the promotion of research policy, start-up and project upgrading services of the commercial projects to be opened, and the market research and positioning and opening preparation services increased by 305.7% compared with the same period of last year.

The table below sets forth a breakdown of our total revenue from commercial operational services by service category for the years indicated:

	For the year ended 31 December 2021		For the year ended 31 December 2020		
	Revenue (RMB'000)	Percentage %	Revenue (RMB'000)	Percentage %	Growth rate %
Market research and positioning and opening preparation services	13,777	11.4	3,396	3.0	305.7
Commercial operation services	85,979	71.4	95,013	84.1	-9.5
Commercial properties leasing	20,622	17.2	14,547	12.9	41.8
Total	120,378	100.0	112,956	100	6.6

Value-added services to non-property owners

We also provide a series of value-added services to non-property owners, mainly for property developers, and our value-added services to non-property owners include (i) on-site management services; (ii) preliminary planning and design consultation, pre-delivery and repair and maintenance services; and (iii) other services, such as construction site management services.

Based on the stable cooperative relationship with the New Hope Property Group, the Group has realized the continuous growth in value-added services to non-property owners, with revenue increased by 38.9% compared with RMB168.3 million in the same period last year to RMB233.8 million as of 31 December 2021.

The following table sets forth a breakdown of our revenue from value-added services to non-property owners during the periods indicated:

	For the year ended 31 December 2021		For the year ended 31 December 2020		
	Revenue (RMB'000)	Percentage %	Revenue (RMB'000)	Percentage %	Growth rate %
On-site management services	112,979	48.3	96,708	57.5	16.8
Preliminary planning and design consultation, pre-delivery and repair and maintenance services	88,036	37.7	60,615	36.0	45.2
Other services	32,776	14.0	11,012	6.5	197.6
Total	233,791	100.0	168,335	100.0	38.9

PROSPECTS

To continue full commitment in the metropolitan areas and urban agglomerations in China to increase our business scale

The scale growth is one of the development focuses in the future. We will continue to expand our business in the metropolitan areas and urban agglomerations in China, especially the first-tier, new first-tier and second-tier cities in the Chengdu-Chongqing urban agglomeration and the Eastern China region, and continue to consolidate our market position in these areas. To achieve our expansion goal, we will continue to cooperate with the New Hope Group and the New Hope Property Group for development. We also plan to actively seek opportunities to manage properties developed by independent third-party property developers through participating in tendering processes and through strategic acquisition and investment. We also plan to continue to expand our collaboration with independent third-party property developers to reduce our reliance on New Hope Property Group while further increasing our market share. We established a cooperation development center at the headquarters level and cooperation development departments at regional company levels to effectively carry out localized market expansion, obtain high-quality projects, and make qualitative breakthroughs in market expansion capacity building and scale expansion. In terms of future development strategy, we always strengthen the regional deep cultivation strategy and the placement of key cities, and make effective strategic choices for new cities. In terms of format options, we firmly combine our own advantages, with residential buildings, office buildings and industrial parks still as our preferred racetracks. Segmented racetracks is realized with moderately diversified support, at the same time, special breakthroughs are made in medical, education and high-quality public infrastructure projects. In terms of team management, effective incentives under reasonable assessment can fully stimulate the vitality of the team and ensure the achievement of performance, so as to build a dynamic, professional and accomplished team in market.

To focus on the residents' desire for a better life, connect the New Hope Group's industries to continue to enhance our lifestyle services

By focusing on the residents' desire for a better life, we plan to focus on further developing our lifestyle services, including turnkey furnishing services, convenient living services, community asset management services, online and offline retail services and catering services, etc. We will continue to strengthen our cooperation with the New Hope Group to make full use of its diverse industry coverage and rich resources to expand our lifestyle services. For example, based on our understanding of the customers' demands, we plan to explore the product supplies available from New Hope Liuhe Co., Ltd. (新希望六和股份有限公司), New Hope Dairy Co., Ltd. (新希望乳業股份有限公司) and others, enrich our product offerings for our online and offline retail services and catering services, and create diversified product assortment for our customers. We also plan to enhance cooperation with companies under the New Hope Group, for example, to operate canteens and provide catering services for them. We will continue to increase the scale of our lifestyle services through internal growth and external expansion and enhance the overall living experience of our property owners and customers.

In addition, based on our national service layout, as well as our successful experience in developing innovative services offerings in the past, we will continue to strengthen the market-oriented ability of lifestyle services. We will also look for strategic acquisition and investment opportunities to help us continuously provide competitive lifestyle services for our consumers.

To continue to improve the service capacity of the Company to lay foundation for lifestyle service development through premium service and high satisfaction

In 2021, the Group iterated from the original "1+4+4" green living service system to the "1+5+N" pan-scenario service system. While adhering to the high-quality four-dimensional living service, the Group joins the "five standardized" quality control system and N differentiated service designs matching different service needs. The "five standardized" mainly focuses on the quality construction of "window image, moving line management, smart technology, empowerment system and quality supervision", so that the projects we serve have the presentation of New Hope Group's services characteristic in terms of type, spirit and rhyme, and are provided in more efficient, convenient and warm-hearted on the basis of standards and norms.

We will strictly abide by the quality control and maintain a high level of satisfaction. Link business development with customers' living needs and preferences, integrate user demand portraits through the online service platform of Hope Cloud Community and others, and efficiently lock customers' concerns, and then, through multi-level customer demand analysis, the satisfaction service planning with territorial characteristics and time characteristics is formed, and through effective process control to promote the achievement of results. In this way, we can create "living scenes, working scenes and consumption scenes" with high-quality experience and emotional resonance, and gain customer satisfaction and recognition.

At the same time, we will continue to create service IP with memorable points. The housing inspection service, with the aim of "lasting charms and worry-free", assesses the function, safety and health index of the house in all aspects, and brings the ultimate peace of mind to the owners. Service experience officer listens to the voice of customers with multi-channel supervision and service transparency, allowing owners to integrate into the reality of management and experience evaluation of service optimization.

To continue to increase investments in technologies to improve service quality as well as operating efficiency

The Group will continue to invest in technologies to facilitate our business development to meet the evolving needs of customers, to build the community ecosystem, and to improve our operating efficiency.

Smart community system. The Group uses Internet of Things technology to build a smart community across spatial scenes, and will jointly build a smart community management and service system from six dimensions: standardized management, safety control, convenient access, energy control, facilities and equipment monitoring and artificial intelligence, so as to improve the intelligent level of the community. We will continue to improve the system under construction, and start the construction of intelligent security, operation hotspots, non-motor vehicle management and material management systems.

Customer service system. The customer service system will ensure that users have a high-quality user experience in basic service functions such as payment and passage on the mobile terminal, improve the fee collection rate, reduce service costs, expand the multi-dimensional service content of housekeepers, improve the service system and better the receivable channels, and at the same time make the housekeeper's face-to-face service precise, standardized and convenient.

Internal control management system. The internal control management system will aim at the informatization construction of internal management, risk control and office collaboration of the Group, in a bid to improve internal management and work efficiency, simplify internal business processes, control internal management risks, reduce differences between industry and finance, and achieve consistency between industry and finance. At the same time, the Group will improve the centralized management and control ability of each business sector for business, the ability to reach and serve customers, and the accuracy and consistency of data.

Lean management to promote efficiency, rationally reduce cost and improve efficiency

Centering on the three objectives of "revenue generation +, efficiency + and service +" of business units, the Group specifically managed nine lean scenarios, standardized systems, methods and tools, and empowered them into the lean work of projects and business units to help continuously reduce management rates. We will not cease efforts to adopt various lean management measures to reduce costs and increase efficiency, while optimizing the management structure, standardizing the operation process and strengthening the construction of the supply chain system so as to improve the operation and management efficiency.

FINANCIAL REVIEW

Revenue

The Group's revenue primarily generated from four business lines: (i) property management services, (ii) value-added services to non-property owners, (iii) commercial operational services, and (iv) lifestyle services. The Group's revenue increased by RMB336.7 million or approximately 57.2% to RMB925.0 million for the year ended 31 December 2021 from RMB588.3 million for year ended 31 December 2020, which was primarily attributable to (i) the increased in revenue from property management service arising from by the increased in the GFA under management of the Group; (ii) the increase in revenue from lifestyle services.

The following table sets forth a breakdown of our total revenue by business line during the periods indicated:

	For the year ended 31 December			
	2021		2020	
	(RMB'000)	Percentage of total revenue %	(RMB'000)	Percentage of total revenue %
Property management services	317,255	34.3	189,724	32.3
Value-added services to non-property owners	233,791	25.3	168,335	28.6
Commercial operational services	120,378	13.0	112,956	19.2
Lifestyle services	253,546	27.4	117,248	19.9
Total	924,970	100.0	588,263	100.0

The property management services are our largest source of revenue. For the year ended 31 December 2021, the revenue from property management services was RMB317.3 million, accounting for 34.3% of the Group's total revenue. The increase in revenue was primarily driven by the increase of revenue from property management services, which was brought about by the increase of GFA under management of the Group from 10.2 million sq.m. as at 31 December 2020 to 16.2 million sq.m. as at 31 December 2021. The increase of GFA under management is mainly because (i) the continuing delivery of properties developed by the New Hope Property Group for our management during the Reporting Period; and (ii) the Group's expansion in independent third-party markets.

The revenue from value-added services to non-property owners increased by 38.9% from approximately RMB168.3 million for year ended 31 December 2020 to approximately RMB233.8 million for the year ended 31 December 2021, which was mainly driven by the increase in number of real estate projects under sales, construction and delivery by the New Hope Property Group which involved us to provide service during the Reporting Period.

The increase by 6.6% from RMB113.0 million for the year ended 31 December 2020 to RMB120.4 million for the year ended 31 December 2021 in revenue from commercial operational services was mainly due to the commencement of operation of a commercial subleasing service which started in October 2021 and the provision of marketing and positioning service of our Group for commercial property projects during the Reporting Period.

The revenue from lifestyle service increased by 116.2% from approximately RMB117.2 million, representing 19.9% of total revenue of the Group for the year ended 31 December 2020 to approximately RMB253.5 million, representing 27.4% of total revenue of the Group for the year ended 31 December 2021. Among that:

(1) The revenue from community living services increased by 149.4% from RMB64.2 million for the year ended 31 December 2020 to RMB160.1 million for the year ended 31 December 2021, which is mainly attributable to the significant increase of GFA under management of the Group during the Reporting Period. At the same time, the Company actively explored the development opportunity of community space resources and improved the business expansion effort on community living services, which has also contributed to the increase in revenue.

(2) The revenue from community asset management services increased by 107.6% from RMB20.7 million for the year ended 31 December 2020 to RMB42.9 million for the year ended 31 December 2021, mainly due to (i) the launch of Smart Parking System in the projects under the Group's management, improving the efficiency of management on parking income; and (ii) the increase in revenue from carpark related service resulting from the increase of number in projects under the Group's management.

(3) The revenue from online and offline retail services and catering services increased by 56.1% from RMB32.4 million for the year ended 31 December 2020 to RMB50.6 million for the year ended 31 December 2021, which was mainly due to the Group's continuing resource investment in the group meal business to expand the market share, which resulted in a rapid increase in revenue from the relevant business during the Reporting Period. At the same time, the Group continued to establish new channel for retail and expand the business scope to cover both B side and C side clients, which also drove the rapid growth of the Group's retail business.

Cost of Sales

Our cost of sales represents costs directly attributable to the provision of our services and consist primarily of (i) staff costs; (ii) outsourced labor costs; (iii) maintenance costs; (iv) material and cost of goods sold; (v) energy and resources expenses; (vi) cleaning expenses; (vii) depreciation and amortization charges; and (viii) all other costs of sales, mainly including business consultation expenses, transport expenses, and costs of low value consumption goods such as office supplies and stationery. For the year ended 31 December 2021, the total cost of sales of the Group was approximately RMB548.3 million, which increased by approximately RMB207.4 million or approximately 60.8% as compared to approximately RMB340.9 million for the same period of 2020. The growth rate of our cost of sales was higher than that of our revenue, primarily due to the increase in the proportion of revenue contribution from the property management services and lifestyle services over the total revenue of the Group, which have a relatively lower gross profit margin compared to other business lines.

Gross Profit and Gross Profit Margin

The gross profit of the Group increased by RMB129.3 million or 52.3% to RMB376.7 million for the year ended 31 December 2021 from RMB247.4 million for the year ended 31 December 2020.

The following table sets forth a breakdown of our gross profit and gross profit margin by business line during the periods indicated:

	For the year ended 31 December			
	2021		2020	
	(RMB'000)	Gross profit margin %	(RMB'000)	Gross profit margin %
Type				
Property management services	**95,647**	**30.1**	59,208	31.2
Value-added services to non-property owners	**99,787**	**42.7**	73,656	42.8
Commercial operational services	**75,086**	**62.4**	61,866	54.8
Lifestyle services	**106,170**	**41.9**	52,642	44.9
Total	**376,690**	**40.7**	247,372	42.1

For the year ended 31 December 2021, the gross profit margin of the Group decreased by 1.4 percentage points as compared with the corresponding period last year.

Our gross profit margin of property management services decreased by 1.1%, primarily because we would no longer enjoy the government subsidies granted in 2020 for the COVID-19 pandemic during the Reporting Period.

Our gross profit margin of value-added services to non-property owners decreased by 0.1%, which remained stable compared with corresponding period last year.

Our gross profit margin of commercial operational services increased by 7.6%, primarily due to (i) the improvement of occupancy rate of the commercial properties resulting from the relief of COVID-19 pandemic; (ii) the improvement of management; and (iii) higher gross profit margin of market research and positioning services, which was added as a percentage of revenue.

Our gross profit margin of lifestyle services decreased by 3.0%, primarily due to our expansion of community living services during the Reporting Period, resulting in lower overall gross profit margin as certain business models have lower gross profit margin and are in early expansion stage.

Other Net Income

The other net income of the Group decreased by RMB9.0 million or 87.7% to RMB1.3 million for the year ended 31 December 2021 from RMB10.3 million for the year ended 31 December 2020, which was primarily attributable to the decrease in fair value of sub-leased assets resulting from the shorter lease term.

Administrative Expenses

Our administrative expenses include (i) staff costs; (ii) professional fees, (iii) office and business entertainment expenses; (iv) depreciation and amortization; (v) listing expenses; (vi) tax expense; and (vii) all other administrative expenses, which primarily consist of office expenses, tax expenses, hiring and training expenses, and cleaning expenses. Total administrative expenses of the Group were approximately RMB172.5 million for the year ended 31 December 2021, which increased by approximately RMB53.1 million or approximately 44.5% as compared to approximately RMB119.4 million for the year ended 31 December 2020. Such increase was mainly incurred in (i) costs for employees for the expansion of business; and (ii) the listing related expenses.

Selling Expenses

The selling expenses of the Group increased by RMB0.7 million or 21.7% to RMB3.9 million for the year ended 31 December 2021 from RMB3.2 million for the year ended 31 December 2020. The increase in expenses is mainly due to expenses incurred by the Group for the expansion of its business during the Reporting Period.

Finance Income/(Costs), Net

The net financial income amounted to RMB4.0 million for the year ended 31 December 2021, whereas the net financial cost amounted to RMB2.7 million for the year ended 31 December 2020, the increase was primarily attributable to the interest income generated from fundraising.

Income Tax Expense

For the year ended 31 December 2021, the income tax of the Group was approximately RMB36.3 million (for the year ended 31 December 2020: RMB22.8 million) and the trend is consistent with the increase of profit of the Company during the Reporting Period.

Profit for the Reporting Period

The net profit of the Group increased by approximately RMB56.1 million or approximately 51.1% to approximately RMB165.9 million for the year ended 31 December 2021 from approximately RMB109.8 million for the year ended 31 December 2020.

Profit Attributable to Shareholders of the Company Excluding the Listing Expenses

The net profit excluded the listing expenses of the Group increased by approximately RMB70.4 million or approximately 60.6% to approximately RMB186.6 million for the year ended 31 December 2021 from approximately RMB116.2 million for the year ended 31 December 2020.

The profit attributable to shareholders of the Company excluding listing expenses increased by approximately 60.6% to approximately RMB186.6 million for the year ended 31 December 2021 from approximately RMB116.2 million for the year ended 31 December 2020.

Property, Plant and Equipment

Property, plant and equipment of the Group mainly consists of machinery, vehicles, electronic equipment, office and other equipment, furniture and fixtures, and right-of-use assets. As at 31 December 2021, the Group's property, plant and equipment was approximately RMB13.6 million, a decrease by approximately RMB3.5 million from approximately RMB17.1 million as at 31 December 2020, mainly due to depreciation of property, plant and equipment in 2021.

Trade Receivables

Trade receivables primarily arise from the provision of property management services, value-added services to non-property owners, commercial operational services and lifestyle services. The Group's trade receivables as at 31 December 2021 amounted to approximately RMB189.3 million, representing an increase of approximately RMB26.2 million or 16.1% as compared to approximately RMB163.1 million as at 31 December 2020, which was consistent with the trend of income growth.

Prepayments, Deposits and Other Receivables

Prepayment, deposits and other receivables increased by 48.3% from RMB38.1 million as at 31 December 2020 to RMB56.5 million as at 31 December 2021, primarily due to the increase of prepayments brought by the development of our business and the increase investment in informatization construction had not been carried over to intangible assets since the acceptance conditions have yet been met.

Trade Payables

The Group's trade payables as at 31 December 2021 amounted to approximately RMB71.8 million, representing an increase of approximately RMB28.1 million or 64.3% as compared to approximately RMB43.7 million as at 31 December 2020, mainly due to the development of our business.

Other Payables and Accruals

Other payables and accruals increased by 8.4% from RMB172.2 million as at 31 December 2020 to approximately RMB186.6 million as at 31 December 2021, primarily due to the increase in received deposits and security deposits with the development of our business.

Financial Position and Capital Structure

For the year ended 31 December 2021, the Group maintained a sound financial position.

As at 31 December 2021, the Group's current ratio (current assets/current liabilities) was 2.9 times (31 December 2020: 1.2 times) and net gearing indicated a net cash status (31 December 2020: net cash). Net gearing ratio is calculated by interest-bearing borrowings minus cash and cash equivalents, and then divided by net assets. As at 31 December 2021 and 31 December 2020, the Group did not have any outstanding interest-bearing borrowings.

Pledge of Assets

As at 31 December 2021, none of the assets of the Group were pledged (31 December 2020: Nil).

Contingent Liabilities

As at 31 December 2021, the Group did not have any material contingent liabilities (31 December 2020: Nil).

Interest Rate Risk

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

Foreign Exchange Risk

The Group mainly operates its business in China (the "PRC"), and substantially all of its revenue and expenses are denominated in Renminbi. As at 31 December 2021, among the Group's cash and bank balances, RMB0.3 million was denominated in Hong Kong dollars, such amounts were subject to the exchange rate fluctuation. The Group does not have any policy to hedge against foreign exchange risk. However, the Group will closely monitor its foreign exchange exposure, and strive to maintain the value of the Group's cash.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Reporting Period, the Group had undergone acquisitions and disposals of subsidiaries for the purpose of the reorganization in preparation for the listing (the "Listing") on the Main Board of the Stock Exchange. Please refer to the prospectus of the Company dated 11 May 2021 (the "**Prospectus**") for further details.

Save as disclosed in the Prospectus, the Company has no other significant investments or material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group intends to utilise the net proceeds raised from the Listing according to the plans set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. For details, please refer to section headed "Use of Net Proceeds from the Listing" below.

Save for the above, the Group did not have any other immediate plans for material investments and capital assets as at 31 December 2021.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed for the proposed final dividend, as at the date of this report, the Group did not have any other significant event subsequent to 31 December 2021.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2021, the Group had approximately 3,162 employees (31 December 2020: 3,442 employees). During the Reporting Period, the total staff costs were approximately RMB339.4 million (for the year ended 31 December 2020: approximately RMB256.3 million).

In order to attract and retain high quality staff to enable smooth operation within the Group, the remuneration policy of the Group's employees are being reviewed periodically to ensure that the salary and benefit levels of the employees of the Group are competitive. The salaries and allowances of employees were determined based on their performance, experience and the then prevailing market rates. Discretionary performance bonus and share option scheme after assessments is in place for employees to reward their contributions. The Group is subject to social insurance contribution plans or other pension schemes prescribed by the local governments and is required to pay on behalf of its employees, a monthly social insurance funds covering pension fund, medical insurance, work-related injury insurance, maternity insurance and unemployment insurance, and the housing provident fund, or to contribute regularly to mandatory provident fund schemes on behalf of its employees.

The Group continues to provide adequate job training to employees to equip them with practical knowledge and skills. The employee training programs primarily cover key areas in the Group's business operations, which provide continuous training to its existing employees at different levels to specialize and strengthen their skill sets.

USE OF NET PROCEEDS FROM THE LISTING

The Shares were listed on the Stock Exchange on 25 May 2021 (the "Listing Date") and the over-allotment option in connection with the Listing (the "**Over-allotment Option**") was partially exercised on 11 June 2021. For details, please refer to the Prospectus and the announcement of the Company dated 15 June 2021. The Company intends to utilize the net proceeds from the Listing (including the partial exercise of the Over-allotment Option) according to the plans set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. 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, amounted to approximately HK$790.0 million (equivalent to approximately RMB648.7 million). As at 31 December 2021, an analysis of the utilisation of net proceeds from the Listing (including the partial exercise of the Over-allotment Option) is as follows:

Major categories	% of total proceeds	Amount (HK$ in millions)	Sub-categories	Specific plans	% of total proceeds	Actual use of net proceeds from the Listing Date to 31 December 2021 (HK$ in millions)	Unutilised net proceeds as at 31 December 2021 (HK$ in millions)	Expected timeframe of the intended use of net proceeds
Strategic acquisition and investment	70.00%	487.4	Acquire and invest in other property management companies	We expect to further expand our business and diversify the property portfolio and further solidify our market position by acquiring or investing in other property management companies that focus on residential properties and nonresidential properties such as office buildings, commercial complexes, and healthcare and education facilities	61.70%	0	487.4	On or before 31 December 2023
		65.6	Acquire and invest in other companies providing lifestyle services	We are to acquire or invest in companies offering lifestyle services, such as daycare services, in order to further develop our service ecosystem and improve our customer satisfaction	8.30%	0	65.6	On or before 31 December 2023
Upgrade information system and equipment	15.0%	23.7	Middleground system	We expect to invest in the middleground systems, including, among others, (i) data middleground system and infrastructural data management system to integrate the data available for our business operation under different business segments, (ii) customer relationship management system to meet additional technology needs arising from our business expansion for a variety of our service offerings and the upgrades of our overall information system structure, and (iii) membership system to achieve centralized management of customer membership in different business segments and to generate more business value from customer membership data	3.00%	2.4	21.3	On or before 31 December 2023

Major categories	% of total proceeds	Amount (HK$ in millions)	Sub-categories	Specific plans	% of total proceeds	Actual use of net proceeds from the Listing Date to 31 December 2021 (HK$ in millions)	Unutilised net proceeds as at 31 December 2021 (HK$ in millions)	Expected timeframe of the intended use of net proceeds
		2.2	Property management support system	We plan to purchase a centralized management standardization system to achieve standardized management of our property management projects across the PRC and improve our overall operation efficiency and service quality	0.30%	2.1	0.1	On or before 31 December 2023
		15.0	Lifestyle service support system	We expect to invest in information technology platforms to support our lifestyle services, including, among others, (i) to develop and optimize our ERP system to add features such as direct links to invoice printer and electronic invoice system, and access to online payment system and payment systems for other channels, and warehouse inventory management function, and (ii) to develop information technology platforms to support our community space operational services, online and offline retail services and catering services and community asset management services by adding features such as leasable space management function, contract management function, supplier information sharing function, to achieve efficient operation and management of these business lines	1.90%	4.1	10.9	On or before 31 December 2023

Major categories	% of total proceeds	Amount (HK$ in millions)	Sub-categories	Specific plans	% of total proceeds	Actual use of net proceeds from the Listing Date to 31 December 2021 (HK$ in millions)	Unutilised net proceeds as at 31 December 2021 (HK$ in millions)	Expected timeframe of the intended use of net proceeds
		11.1	Corporate infrastructural operation system	We expect to optimize our corporate infrastructural operation systems, including, among others, (i) to develop business plan management system to add functions consolidating each subsidiary's business management, quality control, supply chain management, contract management, accounting management at our headquarters, (ii) to upgrade our financial indicator management and reporting system to achieve additional features such as refined cost and expense management at project level, streamlined internal expense approval procedure and data generation and display of revenue, costs, profits and other key financial indicators at different corporate levels, (iii) to update our settlement system to add additional features such as unified accounting items at different corporate levels, centralized management of receivables and functions to support the financial data analysis for various business decisions, and (iv) to upgrade our cost control system to achieve functions such as centralized supply contract management and payment schedule management and functions to support the centralized customer and supplier database	1.40%	1.8	9.3	On or before 31 December 2023
		42.6	Intelligent community pilot projects	We plan to invest in four intelligent community pilot projects in Chengdu-Chongqing urban agglomeration. Such pilot projects are expected to be fully covered by RMA system, cloud-based intelligent traffic control system and intelligent security protection system to prepare for more extensive coverage of these intelligent systems in the property projects under our management	5.40%	0.7	41.9	On or before 31 December 2023

Major categories	% of total proceeds	Amount (HK$ in millions)	Sub-categories	Specific plans	% of total proceeds	Actual use of net proceeds from the Listing Date to 31 December 2021 (HK$ in millions)	Unutilised net proceeds as at 31 December 2021 (HK$ in millions)	Expected timeframe of the intended use of net proceeds
		23.7	Human resources to support information technology upgrades	We plan to recruit information technology and management professionals, including, among others, research and development engineers and managers, product managers and project managers Specifically, we plan to recruit approximately five to 10 technical experts and product experts with annual salary of approximately RMB300,000 to RMB600,000 per person, whose work assignment would encompass developing and optimizing intelligent IoT system	3.00%	0	23.7	On or before 31 December 2023
Talent recruitment and team building	5.00%	39.5	N/A	We plan to recruit approximately 200 to 400 individuals for various positions, including management trainees, senior management, professionals for our property management services to non-residential properties such as schools and hospitals, our lifestyle services, our brand operation, business development and strategic acquisition and investment and several professional managers for our regional companies, in order to support our business expansion We expect our hiring policy to continue to follow our historical hiring policies. We generally do not require working experience for management trainees, but would require certain years of relevant working experience for other positions depending on the seniority of the position. We would require or prefer the candidates to hold relevant qualifications and credentials for positions that require certain professional skills, such as programming, accounting, and others. The annual salary for an individual hired would range from RMB60,000 to RMB500,000, depending on the positions and the specific case of each hire	5.00%	0	39.5	On or before 31 December 2023

Major categories	% of total proceeds	Amount (HK$ in millions)	Sub-categories	Specific plans	% of total proceeds	Actual use of net proceeds from the Listing Date to 31 December 2021 (HK$ in millions)	Unutilised net proceeds as at 31 December 2021 (HK$ in millions)	Expected timeframe of the intended use of net proceeds
Working capital	10.00%	79.0	N/A	We expect to have increasing needs for working capital as a result of our expected rapid and organic expansion as well as diversifying service offerings and property portfolio under management	10.00%	50.7	28.3	On or before 31 December 2023
	100.00%	790			100.00%	61.8	728.2	On or before 31 December 2023

The remaining net proceeds raised from Listing which had not been utilized were deposited with well-established and licensed commercial banks and authorized financial institutions. The expected timeframe for the unutilised net proceeds is based on the Directors' best estimation barring unforeseen circumstances, and would be subject to change based on the future development of the Group's business and the market conditions.

Biographies of Directors and Senior Management

EXECUTIVE DIRECTORS

Ms. Wu Min (武敏), aged 49, was appointed as our executive Director on 29 December 2020. She is primarily responsible for the overall financial, cost management, internal control and capital market related matters of our Group.

From November 2002 to August 2007, Ms. Wu worked as tax supervisor in tax administration sector at Pangang Group Company Ltd. (攀鋼集團有限公司), a company principally engaged in metal manufacturing, where she was mainly responsible for tax management and tax planning. From February 2007 to April 2014, she worked in New Hope Group Company with her last position as the director of operation and management department where she became responsible for the overall management. From November 2011 to April 2015, Ms. Wu served as a supervisor in New Hope Liuhe Co., Ltd. (新希望六和股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (stock code: 000876). From December 2012 to April 2015, she served as a non-independent director in Polaris Bay Group Co., Ltd. (華創陽安股份有限公司), whose shares are listed on the Shanghai Stock Exchange (stock code: 600155.SH). From September 2013 to August 2014, she served as a supervisor in Shenzhen Gas Group Co., Ltd. (深圳市燃氣集團股份有限公司), whose shares are listed on the Shanghai Stock Exchange (stock code: 601139.SH). Since February 2014, Ms. Wu has been working as an executive vice president and chief financial officer at New Hope Property and has been mainly responsible for assisting the president in the overall management of the company, including finance, capital and operational matters.

Ms. Wu obtained a diploma in material preparation and performance testing from Sichuan University in the PRC. She also obtained an executive Master of Business Administration degree from Sichuan University in the PRC in June 2018. Ms. Wu was admitted as a Certified Tax Agent (註冊稅務師) by Sichuan Provincial Office of Human Resource (四川省人事廳) in the PRC in August 2002. She was also admitted as a Certified Public Accountant by the Ministry of Finance of the PRC and a senior accountant granted by Pangang Group Company Ltd. in the PRC in December 2002 and March 2005, respectively.

Ms. Chen Jing (陳靜), aged 37, has been our Director since 5 November 2020. She was re-designated as our executive Director and appointed as the chief executive officer of our Group on 29 December 2020. She is primarily responsible for implementation of strategies and operational management of our Group. She joined our Group as the general manager of New Hope Services in August 2018. She also holds directorships in our various subsidiaries.

Prior to joining our Group, from 2011 to 2015, she worked as a person in charge of regional smart services at Chengdu Longhu Property Management Co. Ltd. (成都龍湖物業服務有限公司), where she was mainly responsible for project management. From June 2015 to October 2016, she served as the vice general manager at the Fuzhou branch office of Fuzhou Rongqiao Property Management Co., Ltd. (福州融僑物業管理有限公司福州分公司), where she was mainly responsible for business management. From September 2016 to August 2018, she worked as the general manager at Chengdu branch company of Guangzhou Ningjun Property Management Co. Ltd (廣州市寧駿物業管理有限公司成都分公司), where she was mainly responsible for the overall management of the company.

Ms. Chen received the award of "2020 Top 100 Property Manager with Outstanding Contribution" (2020年度百強物業年度卓越貢獻經理) granted by The Economic Observer (經濟觀察報) in August 2020. She obtained a bachelor's degree in polymer materials and engineering from Sichuan University (四川大學) in the PRC in June 2008.

NON-EXECUTIVE DIRECTORS

Mr. Zhang Minggui (張明貴), aged 39, was appointed as our non-executive Director and chairman of our Board on 29 December 2020, and he is primarily responsible for providing guidance and formulation of business strategies for the overall development of our Group.

Prior to joining our Group, from July 2008 to August 2009, Mr. Zhang worked as an officer in the Beijing office of New Hope Group, where he was primarily responsible for the daily operation of the Beijing office. From August 2009 to June 2011, Mr. Zhang worked at Polaris Bay Group Co., Ltd. (華創陽安股份有限公司), a company principally engaged in manufacturing of plastic products and listed on the Shanghai Stock Exchange (stock code: 600155.SH), where he served in various positions as the assistant to the general manager of its subsidiary, deputy general manager of its subsidiary and deputy general manager of construction material department. From June 2011 to August 2012, Mr. Zhang served as an office manager in the Beijing office of New Hope Group, where he was primarily responsible for the overall management of Beijing office. From August 2012 to February 2014, Mr. Zhang served as an office manager in New Hope Group Company where he was mainly responsible for the operational management. From February 2014 to September 2020, he served as the chief executive officer in New Hope Property where he was mainly responsible for overall operational management. He has worked as chairman of the board of directors at the Sichuan headquarter of New Hope Group Company since December 2015 where he has been mainly responsible for strategic planning and business development decision-making and vice president at New Hope Group Company from January 2017 to September 2020, respectively, where he was mainly responsible for the business development and operational management of New Hope Group Company. From December 2016 to February 2020, Mr. Zhang was a director in Polaris Bay Group Co., Ltd. (華創陽安股份有限公司), whose shares are listed on the Shanghai Stock Exchange (stock code: 600155.SH). Since May 2019, he has been a director in Xingyuan Environment Technology Co., Ltd. (興源環境科技股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (stock code: 300266.SZ). Since September 2020, Mr. Zhang has been appointed as executive chairman of the board and president in New Hope Liuhe Co., Ltd. (新希望六和股份有限公司), an indirect non-wholly owned subsidiary of New Hope Group and listed on the Shenzhen Stock Exchange (stock code: 000876.SZ).

Mr. Zhang has been appointed as secretary-general at the General Association of Sichuan Entrepreneurs (四川省川商總會) since February 2016. Mr. Zhang obtained a bachelor's degree in management in July 2006 and a master's degree in management in July 2008 from China University of Geosciences (中國地質大學) in the PRC.

Mr. Jiang Mengjun (姜孟軍), aged 47, was appointed as our non-executive Director on 29 December 2020. He is primarily responsible for providing guidance and formulation of business strategies for the overall development of our Group.

From July 2000 onwards, Mr. Jiang has served various positions at the group companies of New Hope Property including as a planning manager in Chengdu Minjiang New Hope Garden Property Development Co., Ltd. (成都岷江新希望花園房地產開發有限責任公司) from July 2000 to December 2004, a deputy director of marketing department at New Hope Property from December 2004 to January 2008, a director of marketing department at Chengdu Minjiang New Hope Huayuan Property Development Co. Ltd. (成都岷江新希望花園房地產開發有限責任公司) from November 2005 to January 2008, a director of marketing department and assistant to the president at New Hope Property from January 2008 to August 2013 and a general manager of Yongjia Wanxin Hengjin Real Estate Co. Ltd (永嘉萬新恒錦置業有限公司) from September 2013 to February 2017. Mr. Jiang was promoted to vice president of New Hope Property in August 2016, where he was mainly responsible for investment development, marketing, design and product development. Since then in September 2020, Mr. Jiang became the executive president of New Hope Property where he is mainly responsible for the overall operational management of New Hope Property.

He also completed the business administration courses from the Business School of Sichuan University (四川大學) in the PRC in June 2010 through long distance learning.

Mr. Dong Li (董李), aged 44, was appointed as our non-executive Director on 29 December 2020. He is primarily responsible for providing guidance and formulation of business strategies for the overall development of our Group.

From July 2000 to July 2002, Mr. Dong served as a staff member at Chengdu Jinniu District Procuratorate (成都市金牛區檢察院), Director of Investment department (招商科負責人) at Chengdu Jinniu District Foreign Economic Relations Commission (China Merchant) (成都市金牛區外經委(招商局)) and cadre (幹部) at the Chengdu Jinniu District High-tech Industrial Development Zone (成都市金牛區高新技術產業開發區). From July 2002 to March 2004, he worked as a senior staff member (副主任科員) at Chengdu Science and Technology Bureau (成都市科學技術局). From March 2004 to July 2005, he worked as a senior staff member at the General Office of Chengdu Municipal People's Government (成都市人民政府辦公廳). From July 2005 to November 2008, he worked as a senior staff member (副主任科員) and a principal staff member (主任科員) at General Office. From November 2008 to December 2011, he worked as a principal staff member (主任科員) and deputy director-general of the general office (辦公室副主任) at Sichuan Provincial Bureau of Statistics (四川省統計局). From January 2012 to December 2015, he worked as a deputy director and a director of industry development division (產業發展處) at the Tourism Administration of Sichuan Province (四川省旅遊局). From January 2016 to April 2017, Mr. Dong served as a general manager in Chengdu New Hope Cultural Tourism Investment Management Co., Ltd. (成都新希望文旅投資管理有限公司), where he was primarily responsible for its overall management. From April 2017 to December 2017, he served as a general manager in Zhejiang Xinguoyue Investment Management Co., Ltd. (浙江新國悦投資管理有限公司), where he was primarily responsible for its overall management. Since January 2018, Mr. Dong has worked as a vice president at New Hope Property where he is mainly in charge of the culture and tourism business, legal affairs, publicity management and auditing, etc. He has served as an executive director and general manager at Sichuan New Hope Modern Agriculture Tourism Development Co., Ltd. (四川新希望現代農業旅遊發展有限公司), a subsidiary of New Hope Property, since January 2018 where he is mainly responsible for development of culture and tourism business.

Mr. Dong was appointed as an expert in the tourism think tank of the Gansu Provincial People's Government (甘肅旅遊智庫專家) by the General Office of the Gansu Provincial People's Government (甘肅省人民政府辦公廳) in January 2018, and is the vice president of the Sichuan Tourism Association (四川省旅遊學會) in December 2020.

Mr. Dong obtained a bachelor's degree in law from Southwest University of Political Science & Law (西南政法大學) in the PRC in July 2000 and a master's degree in regional economics from University of Electronic Science and Technology of China (電子科技大學) in the PRC in June 2008. He further obtained a doctor's degree in demography from Southwestern University of Finance and Economics (西南財經大學) in the PRC in December 2014.

Ms. Huang Kun (黃坤), aged 38, was appointed as our non-executive Director on 29 December 2020. She is primarily responsible for providing guidance and formulation of business strategies for the overall development of our Group.

From August 2010 to January 2011, Ms. Huang worked as vice manager of human resources department at Huaxi branch office of Sichuan New Hope Dairy Co., Ltd. (四川新希望乳業有限公司華西分公司), a subsidiary of New Hope Dairy Co., Ltd. (新希望乳業股份有限公司) which is listed on the Shenzhen Stock Exchange (stock code: 002946.SZ), where she was primarily responsible for human resources matters. From February 2011 to June 2013, she worked as a senior manager of administrative personnel department in Arai Trading Co., Ltd. (新井物產貿易公司), a subsidiary of New Hope Group and was mainly responsible for the human resources and administrative matters. From June 2013, Ms. Huang served as vice director of human resources department and later in February 2014 was promoted to chief human resources officer in New Hope Property where she has been mainly responsible for the overall management of human resources, legal and administrative matters.

Ms. Huang obtained a bachelor's degree in psychology from Sichuan Normal University (四川師範大學) in the PRC in July 2008 and a master's degree in psychology from Beihang University (北京航空航天大學) in the PRC in July 2010.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kong Chi Mo (江智武), aged 46, was appointed as our independent non-executive Director on 16 February 2022. He is primarily responsible for providing independent advice on the operations and management of our Group. Mr. Kong is also the chairman of the Audit Committee of the Board.

Mr. Kong has more than 20 years of experience in accounting and audit, corporate finance, investor relations, company secretarial affairs and governance with an additional concern on enterprise value and sustainability. Mr. Kong currently holds several directorships in listed companies including serving as an independent non-executive director and chairman of audit committee of AK Medical Holdings Limited (stock code: 01789), an independent non-executive director and chairman of audit committee of Beijing Capital Jiaye Property Services Co., Limited (stock code: 02210), and an independent non-executive director and chairman of audit committee of ZACD Group Ltd. (stock code: 08313). All of the above-mentioned public companies are listed on the Stock Exchange.

Prior to joining the Company, Mr. Kong started his career as a finance trainee in Hutchison Telecommunications (Hong Kong) Limited, an indirect wholly-owned subsidiary of Hutchison Telecommunications Hong Kong Holdings Limited (stock code: 00215), from June 1997 to March 1998. Mr. Kong worked as a tax associate in PricewaterhouseCoopers, an international accounting firm from March 1998 to October 1999 and worked in KPMG, another international accounting firm from October 1999 to December 2007, during which his last position held in KPMG was audit senior manager. Mr. Kong successively served as an executive director, chief financial officer, company secretary and authorized representative during his employment with China Vanadium Titano-Magnetite Mining Company Limited (stock code: 00893) from May 2008 to March 2020. Mr. Kong served as an independent non-executive director of Huazhang Technology Holding Limited (stock code: 01673) from May 2013 to December 2021, an independent non-executive director of Aowei Holding Limited (stock code: 01370) from June 2013 to March 2021, and an independent non-executive director of Starlight Culture Entertainment Group Limited (stock code: 01159) from May 2017 to May 2019. All of the above-mentioned public companies are listed on the Stock Exchange.

Mr. Kong is accredited as (i) an European Federation of Financial Analysts Societies (EFFAS) Certified ESG Analyst, the first internationally recognized ESG Professional Accreditation in Hong Kong and (ii) a Value Reporting Foundation's (VRF) Fundamentals of Sustainability Accounting Credential Holder.

Aside from the above-mentioned ESG- and sustainability-related qualifications, in aspects of accounting, company secretarial affairs and governance, Mr. Kong is also admitted as (i) a Fellow of the Association of Chartered Certified Accountants (ACCA) in the United Kingdom, (ii) a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants (HKICPA), (iii) a Fellow of both The Chartered Governance Institute (CGI) in the United Kingdom and The Hong Kong Chartered Governance Institute (HKCGI) with the designations of Chartered Secretary and Chartered Governance Professional, (iv) a Fellow of The Hong Kong Institute of Directors (HKIoD), and (v) an Ordinary Member of Hong Kong Securities and Investment Institute (HKSI). Mr. Kong graduated from The Chinese University of Hong Kong with a Bachelor's degree in Business Administration in December 1997.

Mr. Cao Qilin (曹麒麟), aged 48, was appointed as our independent non-executive Director on 30 April 2021. He is primarily responsible for providing independent advice on the operations and management of our Group.

Mr. Cao started his teaching and research career at Sichuan University in the PRC in July 1997. From March 2015 to April 2021, he has worked as independent director at Sichuan Huati Lighting Technology Co., Ltd. (四川華體照明科技股份有限公司), a company principally engaged in manufacture of electrical machinery and equipment, whose shares are listed on the Shanghai Stock Exchange (stock code: 603679.SH). Since June 2019, he has worked as independent director at Chengdu Hongqi Chain Co., Ltd. (成都紅旗連鎖股份有限公司), a company principally engaged in the business of convenience store of the chain, whose shares are listed on the Shenzhen Stock Exchange (stock code: 002697.SZ). From July 2014 to July 2020, Mr. Cao served as an independent director in D&O Home Collection Co., Ltd. (帝歐家居股份有限公司), a company principally engaged in bathroom manufacturing, whose shares are listed in the Shenzhen Stock Exchange (stock code: 002798.SZ).

Since June 2020, he has worked as an independent director at Sinocat Environmental Technology Co., Ltd. (中自環保科技股份有限公司), a company principally engaged in the research and development, production and sales of environmental catalysts, whose shares are listed on the Shanghai Stock Exchange (stock code: 688737.SH).

Since September 2020, he has worked as independent director at Sichuan Road & Bridge Co., Ltd. (四川路橋建設集團股份有限公司), a company principally engaged in the design, investment, construction and operation of transportation infrastructure, whose shares are listed on the Shanghai Stock Exchange (stock code: 600039.SH).

Mr. Cao obtained a bachelor degree in economics, master degree in management and doctorate degree in management from Sichuan University in the PRC in July 1997, June 2004 and June 2011, respectively. He was awarded the qualification certificate of independent director by the Shanghai Stock Exchange in August 2011.

Mr. Li Zhengguo (李正國), aged 49, was appointed as our independent non-executive Director on 30 April 2021. He is primarily responsible for providing independent advice on the operations and management of our Group.

From July 1996 to August 2003, Mr. Li served as associate at Sichuan JunHe LLP (四川君合律師事務所). Since August 2003, he worked as director and chief partner at Sichuan Henghexin Law Office (四川恒和信律師事務所). He was appointed as vice president at Sichuan Lawyers Association (四川省律師協會) in August 2013 and he was appointed president at Chengdu Bankruptcy Administrator Association (成都市破產管理人協會) in July 2020. He was recognized as the Excellent Lawyer of Sichuan Province (四川省優秀律師) by Sichuan Provincial Department of Justice (四川省司法廳) and Sichuan Lawyers Association (四川省律師協會) in May 2010. He was recognized as the "National Excellent Lawyer of Year 2011 to 2014" (2011至2014年度全國優秀律師) by China National Lawyers' Association (中華全國律師協會) in February 2016. He also received the honor of "Outstanding Builder of Socialism with Chinese Characteristics of the Third Session in Sichuan Province" (第三屆四川省優秀中國特色社會主義事業建設者) in

December 2018 by the Union of United Front Department of Sichuan Provincial CPC Committee, Department of Economy and Information Technology of Sichuan Province, Department of Human Resources and Social Security of Sichuan Province, Sichuan Market Supervision and Administration Bureau and Sichuan Federation of Industry and Commerce (中共四川省委統戰部、四川省經濟和資訊化廳、四川省人力資源和社會保障廳、四川省市場監督管理局、四川省工商業聯合會).

Mr. Li obtained the bachelor degree in Chinese from Sichuan College of Education (四川教育學院) in the PRC in June 1996. He obtained the master degree in law from Southwestern University of Finance and Economics (西南財經大學) in the PRC in December 2016. He was awarded the certificate of legal professional qualification in August 1996 and has the lawyer's practising license.

There have been no changes in information of Directors, and the chief executive of the Company that need to be disclosed pursuant to Rule 13.51B of the Listing Rules.

SENIOR MANAGEMENT

Mr. Ni Keqiang（倪克強）, aged 45, was appointed as the deputy general manager of our Group in August 2021. He is primarily responsible for the property management services and value-added services to non-property owners of the Group. He joined our Group in September 2018 as the general manager of Chengdu-Chongqing regional company.

Prior to joining our Group, from September 2000 to September 2009, Mr. Ni worked at Sichuan Languang Justbon Services Group Co., Ltd.（四川藍光嘉寶服務集團股份有限公司）with his last position as a regional manager, during which he had been awarded as "Outstanding Manager" for several times. From September 2009 to March 2011, Mr. Ni worked as a project manager at China Resources Land (Chengdu) Property Service Co., Ltd.（華潤置地（成都）物業服務有限公司）. From April 2011 to August 2018, Mr. Ni worked at Chengdu Vanke Property Services Co., Ltd.（成都萬科物業服務有限公司）serving as a project manager, partner, general manager of the management centre and other positions successively, during which a project managed by him had been awarded as the "TOP 10 Projects" among Vanke Service's residential projects.

Mr. Huang Xu (黃續), aged 38, joined our Group as a chief marketing officer in August 2017 and has been mainly responsible for external business development and strategic cooperation management of our Group.

Prior to joining our Group, from July 2012 to August 2017, Mr. Huang worked as a director in the sales department at New Hope Property and was mainly responsible for sales management and overall management of projects development.

Mr. Huang obtained a bachelor's degree in business administration from Northwest University (西北大學) in the PRC in January 2008. Mr. Huang obtained a master of business administration degree from Sichuan University (四川大學) in the PRC in June 2012.

Mr. Chen Jiang (陳江), aged 34, joined our Group as the chief financial officer of our Group on 16 November 2020. He has been primarily responsible for the financial management of our Group.

Prior to joining our Group, from October 2010 to October 2013, Mr. Chen worked in KPMG Corporate Advisory (China) Limited, a financial consulting company, where he was primarily responsible for providing auditor service with his last position as an assistant manager. From April 2014 to October 2015, he worked in Sichuan Trust Co., Ltd. (四川信託有限公司), a trust company, with his last position as trust manager. From October 2015 to April 2019, he worked in China Securities Co., Ltd. (中信建投證券股份有限公司), an investment bank and brokerage company whose shares are listed on the Stock Exchange (stock code: 6066) and the Shanghai Stock Exchange (stock code: 601066.SH) with his last position as a vice president of the innovative financing department. From April 2019 to November 2020, he worked in Sichuan Languang Development Co., Ltd. (四川藍光發展股份有限公司), a property development company whose shares are listed on the Shanghai Stock Exchange (stock code: 600466.SH).

Mr. Chen obtained a diploma's degree in marketing from Southwestern University of Finance and Economics (西南財經大學) in the PRC in July 2010. He is currently pursuing a master of business administration (MBA) degree from Guanghua School of Management in Peking University in the PRC. Mr. Chen obtained the qualification of Certified Public Accountant (non-practicing member) granted by the Sichuan Institute of Certified Public Accountants (四川省註冊會計師協會) in November 2014.

JOINT COMPANY SECRETARIES

Ms. Zhao Xiaoxing (趙曉星), aged 36, was appointed as our joint company secretary in December 2020. Since July 2020, Ms. Zhao has been serving as the board secretary of our Group where she is primarily responsible for board affairs.

From December 2014 to December 2017, Ms. Zhao worked as a fund director of the capital management department of New Hope Property, where she was primarily responsible for corporate financing, accounts receivable management and fund plan management. From January 2018, Ms. Zhao worked as the financial director in the financial department of New Hope Property, where she was primarily responsible for financial management. From September 2018 to July 2020, Ms. Zhao worked as a senior capital manager in Chengdu Chenming Real Estate Co., Ltd. (成都辰明置業有限公司), a subsidiary of Chongqing Longfor Property Development Co., Ltd. (重慶龍湖地產發展有限公司的附屬公司), where she was primarily responsible for integrated fund management of such company.

Ms. Zhao obtained a bachelor's degree in insurance in July 2008 from Chongqing Technology and Business University (重慶工商大學) in the PRC. She obtained a master's degree in credit management in June 2014 from Southwestern University of Finance and Economics (西南財經大學) in the PRC. She also obtained a master's degree in financing law in July 2014 from Goethe University Frankfurt (法蘭克福大學) in Germany.

Mr. Lau Kwok Yin (劉國賢), aged 36, was appointed as our joint company secretary in December 2020. Mr. Lau is an assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited (formerly known as SW Corporate Services Group Limited). He has over 11 years of experience in corporate secretarial services, finance and banking operations. He holds a bachelor of business administration degree in accounting and finance from The University of Hong Kong. Mr. Lau is a member of the Hong Kong Institute of Certified Public Accountants, a Chartered Financial Analyst charter holder and a fellow member of the Hong Kong Chartered Governance Institute and the Chartered Governance Institute.

Corporate Governance Report

The Board is pleased to present the corporate governance report for the annual report of the Company for the year ended 31 December 2021.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to achieving high standards of corporate governance to safeguard the interests of the shareholders of the Company (the "**Shareholders**") and to enhance corporate value and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the "**CG Code**") as the basis of the Company's corporate governance practices, and the CG Code has been applicable to the Company with effect from the Listing Date.

From the Listing Date to 31 December 2021, so far as the Directors are aware, the Company has complied with all the applicable code provisions set out in the CG Code.

THE BOARD

The Board is in charge of the task of maximizing the financial performance of the Company and making decisions in the best interest of the Company. The Board is also responsible for formulating business policies and strategies, directly and supervising management of the Group, adopting and monitoring internal business and management control, approving and monitoring annual budgets and business plans, reviewing operational and financial performance, considering dividend policy, reviewing and monitoring the Company's systems of financial control and risk management. The Board has delegated the day-to-day management, administration and operation of the Group and implementation and execution of Board policies and strategies to the executive Directors and management of the Company.

All Directors have full and timely access to all relevant information in relation to the Group's businesses and affairs as well as unrestricted access to the advice and services of the company secretary. The Directors may seek independent professional advice at the Company's expenses in carrying out their duties and responsibilities.

Composition of the Board

The Board currently comprises nine Directors, including two executive Directors, four non-executive Director and three independent non-executive Directors.

Member of the Board

Executive Directors

Ms. Wu Min
Ms. Chen Jing

Non-executive Directors

Mr. Zhang Minggui *(Chairman)*
Mr. Jiang Mengjun
Mr. Dong Li
Ms. Huang Kun

Independent non-executive Directors

Mr. Yan Lap Kei Isaac(1)
Mr. Cao Qilin
Mr. Li Zhengguo
Mr. Kong Chi Mo(2)

Notes:

1. Mr. Yan Lap Kei Isaac passed away on 16 February 2022.

2. Mr. Kong Chi Mo was appointed as an independent non-executive Director on 16 February 2022.

Mr. Kong Chi Mo has received induction on the first occasion of his appointment to ensure appropriate understanding of the business and operations of the Company and awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. 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 list of Directors is set out in the section headed "Directors' Report" in this annual report. Biographical detail of Directors are set out in the section headed "Biographies of Directors and Senior Management" of this annual report and available on the Company's website. Save as disclosed in this annual report, there are no financial, business, family or other material relationships among the members of the Board.

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Directors have to make decisions objectively in the interests of the Company. The Board has established three board committees including the audit committee, the remuneration committee and the nomination committee (together, the "**Board Committees**"). 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 also has delegated to the Board Committees responsibilities as set out in their respective terms and reference. The management of the Company will be responsible for the day to date operation of the Group.

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

The then applicable code provision A.2.1 of the CG Code states that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

The chairman, Mr. Zhang Minggui, focuses on the overall management of the investment strategies and business development of the Group. The chief executive officer, Ms. Chen Jing, is responsible for day-to-day business and management of the Group. Such division of responsibilities helps to reinforce their independence and ensure a balance of power and authority.

Independent Non-executive Directors

For the period from the Listing Date and up to the end of 31 December 2021, 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 number of independent non-executive Directors exceeds one third of the number of the Board members.

According to Rule 3.13 of the Listing Rules, the independent non-executive Directors of the Company have made confirmation to the Company regarding their independence for the year ended 31 December 2021. Based on the confirmations of the independent non-executive Directors, the Company considers each of them to be independent during the period from the Listing Date and up to the end of 31 December 2021.

Appointment and Re-election of Directors

The then applicable code provision A.4.1 of the CG Code stipulates that non-executive directors shall be appointed for a specific term, subject to re-election, whereas then applicable code provision A.4.2 states that all directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

All non-executive Directors and independent non-executive Directors are appointed for a term of three years. The procedures and process of appointment, re-election and removal of Directors are laid down in the articles of association of the Company (the "**Articles of Association**").

Directors' Training and Continuous Professional Development

Pursuant to the then applicalbe code provision A.6.5 of the CG 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 the he has a proper understanding of the Company's operations and businesses as well as his responsibilities under relevant statues, laws, rules and regulations. Prior to the Listing Date, all Directors have attended a training session in relation to the relevant requirements of the Listing Rules and duties of directors of companies listed in Hong Kong.

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. In addition, continuing briefing and professional development to Directors will be arranged whenever necessary.

Name of Directors	Attending trainings, seminars, conferences or briefings
Executive Directors	
Ms. Wu Min	1
Ms. Chen Jing	1
Non-executive Directors	
Mr. Zhang Minggui	1
Mr. Jiang Mengjun	1
Mr. Dong Li	1
Ms. Huang Kun	1
Independent Non-executive Directors	
Mr. Cao Qilin	1
Mr. Li Zhengguo	1
Mr. Yan Lap Kei Isaac(1)	1
Mr. Kong Chi Mo(2)	N/A

Notes:

1. Mr. Yan Lap Kei Isaac passed away on 16 February 2022.

2. Mr. Mr. Kong Chi Mo was appointed as an independent non-executive Director on 16 February 2022.

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 2021.

The Directors are responsible for overseeing the preparation of financial statements of the Company with a view to 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 2021, 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.

Board Meetings and General Meeting

The then applicable code provision A.1.1 of the CG 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. As the Company was listed on the Stock Exchange on 25 May 2021, the Company did not hold any general meeting for the year ended 31 December 2021. Since the Listing Date and up to 31 December 2021, 3 meeting of the Board was held and the attendance record of the Board members is set out in the table below:

Name of Directors	Attendance/number of board meeting held
Ms. Wu Min	3/3
Ms. Chen Jing	3/3
Mr. Zhang Minggui	3/3
Mr. Jiang Mengjun	3/3
Mr. Dong Li	3/3
Ms. Huang Kun	3/3
Mr. Cao Qilin	3/3
Mr. Li Zhengguo	3/3
Mr. Yan Lap Kei Isaac(1)	1/3
Mr. Kong Chi Mo(2)	N/A

Notes:

1. Mr. Yan Lap Kei Isaac passed away on 16 February 2022.

2. Mr. Kong Chi Mo was appointed as an independent non-executive Director on 16 February 2022.

The Company has adopted the practice of holding Board meetings regularly. Notice of not less than 14 days is given of all regular Board meetings to provide all Directors with the opportunity to attend and include matters in the agenda. For other committee meetings, reasonable 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.

BOARD COMMITTEE

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.

Name of Directors	Audit Committee	Remuneration Committee	Nomination Committee
Executive Directors			
Ms. Wu Min	–	–	–
Ms. Chen Jing	–	–	–
Non-executive Directors			
Mr. Zhang Minggui	–	–	C
Mr. Jiang Mengjun	M	–	–
Mr. Dong Li	–	–	–
Ms. Huang Kun	–	M	–
Independent non-executive Directors			
Mr. Cao Qilin	–	C	M
Mr. Li Zhengguo	M	M	M
Mr. Yan Lap Kei Isaac(1)	C	–	–
Mr. Kong Chi Mo(2)	C	–	–

C: Chairman of the relevant Board Committees
M: Member of the relevant Board Committees

Notes:

(1) Mr. Yan Lap Kei Isaac passed away on 16 February 2022.

(2) Mr. Kong Chi Mo was appointed as an independent non-executive Director on 16 February 2022

Audit Committee

The Board has establish the Audit Committee (the "**Audit Committee**") on 30 April 2021 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the then applicable paragraph C.3 of the CG Code as set out in Appendix 14 to the Listing Ruels. The terms of reference of the Audit Committee has been uploaded to the websites of the Stock Exchange (www.hkexnews.hk) and the Company (newhopeservice.com.cn).

The Audit Committee currently consists of three members including one non-executive Director and two independent non-executive Directors, namely Mr. Kong Chi Mo, Mr. Jiang Mengjun and Mr.Li Zhengguo. The chairman of the Audit Committee is Mr. Kong Chi Mo who possesses appropriate professional qualifications or related financial management expertise as required under Rule 3.10(2) of the Listing Rules. The primary duties of the Audit Committee include, but are not limited to, (i) reviewing and supervising our financial reporting process and internal control system of our group, risk management and internal audit; (ii) providing advice and comments to our Board; and (iii) performing other duties and responsibilities as may be assigned by our Board.

For the year ended 31 December 2021, the Audit Committee convened 2 meetings. The table below sets for the details of the attendance record:

Name of Directors	Number of meeting(s) attended/held
Mr. Yan Lap Kei Isaac(1)	2/2
Mr. Jiang Mengjun	2/2
Mr. Li Zhengguo	2/2
Mr. Kong Chi Mo (2)	N/A

Notes:

(1) Mr. Yan Lap Kei Isaac passed away on 16 February 2022.

(2) Mr. Kong Chi Mo was appointed as the chairman of the Audit Committee on 16 February 2022.

At the above meetings, member of the Audit Committee have reviewed the unaudited interim results of the Group for the six months ended 30 June 2021. 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 held a meeting on 18 March 2022 at which, among other things, it has reviewed the annual results of the Group for the year ended 31 December 2021. The Audit Committee has reviewed the remuneration of the auditor for the year ended 31 December 2021 and has recommended the Board to re-appoint KPMG as the auditor of the Company for the year ended 31 December 2022, subject to approval by the Shareholders at the forthcoming annual general meeting (the "**AGM**").

Remuneration Committee

The Board has establish the Remuneration Committee (the "**Remuneration Committee**") on 30 April 2021 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the then applicable paragraph B.1 of the CG Code as set out in Appendix 14 to the Listing Rules. The terms of reference of the Remuneration Committee has been uploaded to the websites of the Stock Exchange (www.hkexnews.hk) and the Company (newhopeservice.com.cn).

The Remuneration Committee currently consists of three members including one non-executive Director and two independent non-executive Directors, namely Mr. Cao Qilin, Ms. Huang Kun and Mr. Li Zhengguo. Mr. Cao Qilin has been appointed as the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee include, but are not limited to (i) establishing, reviewing and providing advices to our Board on our policy and structure concerning remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration; (ii) make recommendation on the terms of the specific remuneration package of each Director and senior management member for Board's approval; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time.

As the Company was listed on the Stock Exchange on 25 May 2021, the Remuneration Committee did not convene any meetings during the period from the Listing Date to 31 December 2021.

The Remuneration Committee reviewed and passed a relevant resolution on 16 February 2022 in relation to the remuneration of Mr. Kong Chi Mo upon his appointment as an independent non-executive Director.

Nomination Committee

The Board has establish the Nomination Committee (the "**Nomination Committee**") on 30 April 2021 with written terms of reference in compliance with the then applicable paragraph A.5 of the CG Code as set out in Appendix 14 of the Listing Rules. The terms of reference of the Nomination Committee has been uploaded to the websites of the Stock Exchange (www.hkexnews.hk) and the Company (newhopeservice.com.cn).

The Nomination Committee currently consists of three members including one non-executive Director and two independent non-executive Directors, namely Mr. Zhang Minggui, Mr. Li Zhengguo and Mr. Cao Qilin. Mr. Zhang Minggui has been appointed as the chairman of the Nomination Committee. The primary duties of the Nomination Committee include, but are not limited to, (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, re-appointment and removal of our Directors and succession planning for our Directors.

As the Company was listed on the Stock Exchange on 25 May 2021, the Nomination Committee did not convene any meetings during the period from the Listing Date to 31 December 2021.

The Nomination Committee reviewed and passed a relevant resolution on 16 February 2022 in relation to the appointment of Mr. Kong Chi Mo as independent non-executive Director.

BOARD DIVERSITY POLICY

The Company has adopted the board diversity policy (the "**Board Diversity Policy**") which sets out the objective and approach to achieve diversity of our Board. Our Group recognizes the benefits of having a diversified Board and sees increasing diversity at the Board level as an essential element in supporting the attainment of our Group's strategic objectives and sustainable development. Our Group seeks to achieve diversity of our Board through the consideration of a number of factors, including but not limited to professional experience, skills, knowledge, education background, gender, age and ethnicity. 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.

Our Board comprises of nine members, including three female Directors. Our Directors also have a balanced mix of knowledge, skills and experiences, including overall management, property management, business development, human resources, tax management, marketing, legal, finance, auditing and accounting experiences. We have three independent non-executive Directors who have different industry backgrounds, representing one-third of our Board members. Furthermore, the ages of our Directors range from 37 years old to 60 years old. The education background of our Directors ranges from economics and business administration to law, with degrees awarded by education institutions in the PRC and overseas.

After the Listing, the Nomination Committee will review the Board Diversity Policy and its implementation from time to time to ensure its implementation and monitor its continued effectiveness, and the same will be disclosed in our corporate governance report in accordance with the Listing Rules, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives on an annual basis.

As at 31 December 2021, Board diversification in terms of gender and age group is set out below:

Gender	Quantity
Male	6
Female	3

Age Group	Quantity
30-40	3
41-50	5
51-60	1

The Company has also taken, and will continue to take steps to promote gender diversity at all levels of the Company, including but not limited to the Board and the management levels. The Company will continue to apply the principle of appointments based on merits with reference to the Board Diversity Policy. Going forward, the Company will consider the possibility of nominating female senior management or more female Directors to the Board who has the necessary skills and experience. The Board will strive to achieve an appropriate balance of gender diversity with reference to the stakeholders' expectation and international and local recommended best practices, with the ultimate goal of bringing the Board to gender parity.

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for performing the functions set out in the then applicable code provision D.3.1 of the CG Code.

During the year ended 31 December 2021, the Board met twice 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 (as defined below), and the Company's compliance with the CG Code 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

The Company has appointed Ms. Zhao Xiaoxing and Mr. Lau Kwok Yin as Joint Company Secretaries. Mr. Lau Kwok Yin is an assistant vice president of an external service provider, SWCS Corporate Services Group (Hong Kong) Limited, assisting Ms. Zhao Xiaoxing in discharging her duties as the company secretary of the Company. Ms. Zhao Xiaoxing is the principal contact person of Mr. Lau Kwok Yin in the Company. Each of Ms. Zhao Xiaoxing and Mr. Lau Kwok Yin has confirmed that for the year ended 31 December 2021, they have taken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules. The biography of Ms. Zhao Xiaoxing and Ms. Lau Kwok Yin are set out in the "Biographies of Directors and Senior Management" section on pages 34 and 40 of this report.

DIVIDEND POLICY

According to the dividend policy of the Company, the Company may, subject to the relevant Cayman companies law, 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

Such declaration any payment of the dividend by the Company is also subject to any restrictions under the relevant Cayman companies laws, any applicable laws, rules and regulations and the Articles of Association.

AUDITOR'S REMUNERATION

For the year ended 31 December 2021, 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 2021 RMB million
Audit and related service:	2.50
Non-audit service	
– taxation services:	0.08
Total:	2.58

SENIOR MANAGEMENT'S REMUNERATION

The remuneration of the members of the senior management of the Company by band for the year ended 31 December 2021 is set out below:

	Number of members of senior management
RMB Nil to RMB1,000,000	2
RMB1,000,001 to RMB1,500,000	2
RMB1,500,001 to RMB2,000,000	1

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 internal audit findings of the Group's from financial, operational, compliance and risk management controls perspectives for the year ended 31 December 2021. The Board is satisfied that the 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 programs and budget. The Board expects that a review of the internal control and risk management systems will be reviewed annually.

DISCLOSURE OF INSIDE INFORMATION

The Company has adopted policies on monitoring, reporting and disclosure of inside information (as defined in the Listing Rules). This ensures timely reporting and disclosure as well as fulfilment of the Group's continuous disclosure obligations. In particular, the Group:

- has conducted its affairs with close regard to the disclosure requirement under the Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission in June 2012;

- has established its own disclosure obligation procedures, which set out the procedures and controls for the assessment of potential inside information and the handling and dissemination of inside information. The procedures have been communicated to the senior management and staff of the Company, and the implementation was monitored by the Company; and

- has made broad, non-exclusive disclosure of information to the public through channels such as financial reports, public announcements and its website.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions conducted by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct for securities transactions conducted by relevant Directors and employees. After making specific enquires of all the Directors, each of them has confirmed that they have complied with the required standards set out in the Model Code from the Listing Date to 31 December 2021.

The Company is not aware of any incident of non-compliance of the Model Code committed by any Directors or relevant employees during the period from the Listing Date to 31 December 2021.

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 (newhopeservice.com.cn), 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 64 of the Articles of Association, any one or more Shareholders holding at the date of deposit of the requisition (the "**Requisition**") not less than one-tenth of the paid up capital 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 ("**EGM**") to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such Requisition. If within 21 days of such deposit, the Board fails to process to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

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 applicable Cayman Islands companies law. However, Shareholders who wish to propose resolutions may follow Article 64 of the Articles of Association for requisitioning an EGM and including a resolution at such meeting. The requirements and procedures of Article 64 are set out above.

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

If you have any query in connection with your shareholdings, please write to or contact the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at:

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

To contact the Company in relation to your query about the Company, the contact details are as follows:

Tel:	028-65724993
E-mail Address:	ir_nhs@newhope.cn
Address:	16/F, Building 2, New Hope Zhongding International, No. 366 Jinshi Road, Jinjiang District Chengdu, Sichuan, China

CHANGE IN CONSTITUTIONAL DOCUMENTS

The memorandum and Articles of Association have been amended and restated with effect from the Listing Date. Copies of the amended and restated memorandum and Articles of Association are available on the websites of the Company and the Stock Exchange.

Save as disclosed above, for the year ended 31 December 2021, the Company did not made any significant changes to its constitutional documents.

Directors' Report

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 2021.

CORPORATE INFORMATION AND GLOBAL OFFERING

The Company was incorporated in the Cayman Islands on 5 November 2020 as an exempted company with limited liability under the applicable company law of the Cayman Islands. The address of the Company's registered office is 71 Fort Street, PO Box 500, George Town, Grand Cayman, KY1-1106, Cayman Islands.

The Company's shares were listed on the Main Board of the Stock Exchange on 25 May 2021.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the provision of property management services, value-added services to non-property owners, commercial operational services and lifestyle services in the PRC.

Details of the principal activities of the principal subsidiaries of the Group are set out in note 14 to the consolidated financial statements in this annual report. There were no significant changes in the nature of the Group's principal activities from the Listing Date and up to the date of this annual report. 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 2021 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 sections headed "Chairman's Statement" and "Management Discussion and Analysis" 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.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of RMB0.071 per share of the Company for the year ended 31 December 2021 (the "**Final Dividend**") in cash (for the year ended 31 December 2020: HK$ Nil), subject to approval of the Shareholders at the AGM. If the resolution for the proposed Final Dividend is passed at the AGM, the proposed Final Dividend is expected to be paid on or before Monday, 15 August 2022 to the Shareholders whose names appear on the register of members of the Company on Thursday, 4 August 2022. The Company did not aware any arrangement under which a Shareholder has waived or agreed to waive any dividends.

CLOSURE OF THE REGISTER OF MEMBERS

For the purpose of ascertaining Shareholders' entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 13 June 2022 to Thursday, 16 June 2022 (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 documents accompanied by the relevant share certificates (together the "**Share Transfer Documents**") must be lodged with the Company's Hong Kong share registrar (the "**Hong Kong Share Registrar**"), Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Friday, 10 June 2022.

For the purpose of ascertaining Shareholders' entitlement to the Final Dividend, the register of members of the Company will be closed from Tuesday, 2 August 2022 to Thursday, 4 August 2022 (both days inclusive) during which period no transfer of the Shares will be registered. In order to qualify for the Final Dividend, the Share Transfer Documents must be lodged with the Hong Kong Share Registrar at the address specified above not later than 4:30 p.m. on Monday, 1 August 2022.

BORROWINGS

As at 31 December 2021, the Group did not have any outstanding interest-bearing borrowings.

RESERVES

Details of movements in the reserves of the Group during the year ended 31 December 2021 are set out in the consolidated statements of changes in equity in this annual report. As at 31 December 2021, the distributable reserve of the Company amounted to approximately RMB755.6 million.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 31 December 2021 are set out in note 12 to the consolidated financial statements of the Group in this annual report.

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in note 24 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 2021 and the state of the Group's financial position as at the date are set out in the consolidated financial statements on pages 69 to 133 in this report.

MAJOR CUSTOMERS AND SUPPLIERS

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

For the year ended 31 December 2021, the transaction amount of the Group's top five customers accounted for 39.8% of the total revenue of the Group (2020: 44.6%), while the transaction amount of the Group's single largest customer accounted for 31.0% of the total revenue of the Group (2020: 41.2%).

For the year ended 31 December 2021, the transaction amount of the Group's top five suppliers accounted for 6.2% of the total purchase of the Group (2020: 7.4%), while the transaction amount of the Group's single largest supplier accounted for 1.6% of the total purchase of the Group (2020: 2.4%).

None of the Directors or any of their associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and suppliers (other than the Group and its associates).

DONATIONS

Donations made by the Group during the year ended 31 December 2021 amounted to RMB0.1 million.

DIRECTORS

The Directors during the year ended 31 December 2021 and up to the date of this annual report are:

Name of director	Position
Ms. Wu Min	Executive Director
Ms. Chen Jing	Executive Director
Mr. Zhang Minggui *(Chairman)*	Non-executive Director
Mr. Jiang Mengjun	Non-executive Director
Mr. Dong Li	Non-executive Director
Ms. Huang Kun	Non-executive Director
Mr. Cao Qilin	Independent non-executive Director
Mr. Li Zhengguo	Independent non-executive Director
Mr. Yan Lap Kei Isaac (passed away on 16 February 2022)	Independent non-executive Director
Mr. Kong Chi Mo (appointed on 16 February 2022)	Independent non-executive Director

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

In accordance with article 108(a) of the Articles of Association of the Company, one-third of the Directors for the time being (or, if their number is not three or 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. Further, article 111 of the Articles of Association of the Company provides that any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting after his/her appointment and shall be eligible for re-election at that meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall than be eligible for re-election.

Accordingly, in accordance with Article of Association, Ms. Chen Jing, Ms. Wu Min and Mr. Jiang Mengjun shall retire from office at the AGM. In addition, pursuant to article 111, any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting. Accordingly, Mr. Kong Chi Mo shall retire and be re-elected at the AGM in accordance with article 111. All the above Directors are eligible and willing to be re-elected 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 Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for a term of three years commencing from the date of appointment.

Each of the non-executive Directors and the independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years commencing from the their date of appointment.

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

Save as disclosed above, none of the Directors has entered into any service contract with the Company or any of its subsidiaries (excluding contracts expiring or 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 2021, none of the Directors, the management, shareholders of the Company nor their respective associates (as defined in the Listing Rules) had any interest in a business that competed or might compete with the business of the Group.

NON-COMPETITION UNDERTAKING

The ultimate controlling shareholders of the Group namely Mr. Liu Yonghao (劉永好) and Ms. Liu Chang (劉暢) (the "**Ultimate Controlling Shareholders**") has entered into a deed of non-competition dated 6 May 2021 (the "**Undertakings**") details of which are disclosed in the Company's prospectus dated 11 May 2021. The Ultimate Controlling Shareholders have confirmed to the Company that, since the Listing Date and up to 31 December 2021, they have complied with the Undertakings.

The independent non-executive Directors had reviewed the status of compliance and the confirmation provided by each of the Ultimate Controlling Shareholders as part of the annual review process. On the basis that: (i) the Company has received the confirmations from all of them regarding the Undertakings; (ii) there was no competing business reported by them; and (iii) there was no particular situation rendering the full compliance of the Undertakings being questionable, the independent non-executive Directors are of the view that the Undertakings have been complied with and been enforced by the Company in accordance with the terms.

DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and those of the five highest paid individuals of the Group for the year ended 31 December 2021 are set out in note 8 and note 9 to the consolidated financial statements of the Group in this annual report.

None of the Directors waived his/her emoluments nor has agreed to waive his/her emoluments for the year ended 31 December 2021.

RETIREMENT BENEFITS SCHEME

The Group does not have any employee who is required to participate in mandatory provident fund in Hong Kong. The employees of the PRC subsidiaries are members of the state-managed retirement benefits scheme operated by the PRC government. The employees of the PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to this retirement benefits scheme is to make the required contributions under the scheme. The forfeited contributions may not be used by the Group to reduce the existing level of contributions.

PERMITTED INDEMNITY PROVISION

Each Director is entitled to be indemnied by the Company against all losses or liabilities which he/she may sustain or incur in carrying out his/her functions. The Company has also arranged appropriate insurance in respect of potential legal actions against the Directors arising out of corporate activities.

MANAGEMENT CONTRACTS

Other than the Directors' service contract and letters of appointment, 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 2021.

SHARE OPTION SCHEME

The Company adopted a share option scheme through written shareholders' resolution on 30 April 2021 (the "**Share Option Scheme**").

The purpose of the Share Option Scheme is to recognize and acknowledge the contributions that the eligible participants had or may have made to the Group. The Directors believe the Share Option Scheme will enable the Group to reward the Group's employees, Directors and other selected participants for their contributions to the Group.

Participate

Any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries; any directors (including independent non-executive Directors) of our Company or any of its subsidiaries; and any advisors, consultants, suppliers, customers, distributors and such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Company and/or any of its subsidiaries.

Maximum number of Shares

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not in aggregate exceed 10% of the aggregate of the Shares in issue on the day on which trading of the Shares commences on the Stock Exchange, and such 10% limit represents 80,000,000 Shares, representing 9.83% of the total Shares in issue as at the date of this report.

The maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.

Time of acceptance and exercise of option

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

Price of Shares

Subject to any adjustments, the subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be determined by the Board in its absolute discretion, but in any event must be at least the higher of:

(i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date on which such option is offered in writing to the eligible participant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;

(ii) the average of the official closing prices of our Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date on which such option is offered in writing to our Eligible Participant; and

(iii) the nominal value of a Share.

Grant offer letter and notification of grant of options

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance or payment in favor of the Company of HK$1.00 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date. Such remittance or payment shall in no circumstances be refundable. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it must be accepted in aspect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

The duration of the Share Option Scheme

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. There is no minimum period specified by the Share Option Scheme, for which the option must be held before it can be exercised. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the Listing Date. Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the Listing Date. As at the date of this report, the remaining life of the Share Option Scheme is approximately 9 years and 2 months.

Since the date of the adoption of the Share Option Scheme and up to the date of this report, no options have been granted, exercised, cancelled or lapsed under the Share Option Scheme, and there were no outstanding options under the Share Option Scheme. For details of the Share Option Scheme, please refer to the section headed "Appendix V – Statutory and General Information – D. OTHER INFORMATION – 1. Share Option Scheme" in the Prospectus.

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 2021, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code under the Listing Rules, are set out below:

(i) Interest in our Company

Name of Director	Nature of Interest	Number of Shares(1)	Percentage of shareholding interest
Mr. Zhang Minggui(2)	Settlor and beneficiary of a discretionary trust and interest in controlled corporation	40,848,000 (L)	5.02%
Ms. Wu Ming(2)	Beneficiary of a discretionary trust and interest in controlled corporation	40,848,000 (L)	5.02%
Ms. Chen Jing(2)	Beneficiary of a discretionary trust and interest in controlled corporation	40,848,000 (L)	5.02%
Mr. Jiang Mengjun(2)	Beneficiary of a discretionary trust and interest in controlled corporation	40,848,000 (L)	5.02%
Ms. Huang Kun(2)	Beneficiary of a discretionary trust and interest in controlled corporation	40,848,000 (L)	5.02%

Notes:

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

(2) Mr. Zhang Minggui is the settlor of the Employee Benefit Trust, a discretionary trust for the benefit of New Actuation Development Limited ("**New Actuation**"), New Charm Development Limited ("**New Charm**"), New Mistry Development Limited ("**New Mistry**"), New Conception Development Limited ("**New Conception**"), New Grace Development Limited ("**New Grace**") with TMF Trust (HK) Limited as the trustee. Each of New Actuation, New Charm, New Mistry, New Conception and New Grace is wholly owned by Mr. Zhang Minggui, Ms. Wu Min, Ms. Chen Jing, Mr. Jiang Mengjun and Ms. Huang Kun, respectively, for the purpose of investment holdings. Accordingly, Mr. Zhang Minggui is deemed to be interested under the SFO in the Shares held by the Employee Benefit Trust in his capacity as the settlor and beneficiary of the Employee Benefit Trust and as a Director, and each of Ms. Chen Jing, Ms. Wu Min, Mr. Jiang Mengjun and Ms. Huang Kun is deemed to be interested under the SFO in the Shares held by the Employee Benefit Trust in their respective capacity as the beneficiary of the Employee Benefit Trust and as a Director.

Save as disclosed above, as at the 31 December 2021, none of the Directors and chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations, which (a) were recorded in the register required to be kept by the Company under section 352 of the SFO, or (b) were 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 2021, 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:

Name	Nature of interest	Number of Shares[1]	Percentage of shareholding interest
Adventure Way Pte. Ltd.[2]	Protector of a discretionary trust and interest in controlled corporation	544,800,000 (L)	66.92%
Ms. Liu Chang[2]	Settlor of a discretionary trust and interest in controlled corporation	544,800,000 (L)	66.92%
Mr. Liu Yonghao[2]	Interest in controlled corporation	544,800,000 (L)	66.92%
Medea Investments Limited[2]	Interest in controlled corporation	544,800,000 (L)	66.92%
Vistra Trust (Singapore) Pte.Limited[2]	Trustee of a discretionary trust	544,800,000 (L)	66.92%
Sea Glory Developments Limited[2]	Interest in controlled corporation	544,800,000 (L)	66.92%
New Prosperity Development Limited[2]	Interest in controlled corporation	544,800,000 (L)	66.92%
Golden Rose Developments Limited[2]	Beneficial owner	544,800,000 (L)	66.92%

Notes:

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

(2) The entire issued share capital of Golden Rose Developments Limited is wholly owned by New Prosperity Development Limited, which is in turn indirectly wholly owned by Sea Glory Developments Limited, a special purpose holding vehicle wholly owned by Vistra Trust (Singapore) Pte. Limited, the trustee of the Cathaya Trust. The Cathaya Trust is an irrevocable discretionary trust for the benefit of Mr. Liu's family members. The protector of the Cathaya Trust is Adventure Way Pte. Ltd., which is directly and indirectly wholly owned by Mr. Liu Yonghao and Ms. Liu Chang through Medea Investments Limited. By virtue of the Acting in Concert Deed, Mr. Liu Yonghao and Ms. Liu Chang both have a deemed interest under the SFO in the Shares held by Adventure Way Pte. Ltd. in its capacity as the protector of the Cathaya Trust. Vistra Trust (Singapore) Pte. Limited has a deemed interest under the SFO in the Shares held by the Cathaya Trust in its capacity as trustee of the Cathaya Trust. Accordingly, each of Mr. Liu Yonghao, Ms. Liu Chang, Medea Investments Limited, Adventure Way Pte. Ltd., Vistra Trust (Singapore) Pte. Limited, Sea Glory Developments Limited, New Prosperity Development Limited has a deemed interest under the SFO in the Shares held by Golden Rose Developments Limited.

Save as disclosed above, as at the 31 December 2021, 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 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 2021.

CONTRACTS OF SIGNIFICANCE

Save as disclosed in this report, no contracts of significance (i) in relation to the Group's business; or (ii) for provision of services to the Company (or any of its subsidiaries) by a controlling shareholder (or any of its subsidiaries) between the Company (or any of its subsidiaries) and a controlling shareholder (or any of its subsidiaries) subsisted during or at the end of the year ended 31 December 2021.

CONNECTED TRANSACTIONS

During the year ended 31 December 2021, the Company has strictly complied with the requirements specified under Chapter 14A of the Listing Rules in respect of its connected transactions. Details of the relevant connected transactions are as follow:

(A) Continuing Connected Transactions Subject to the Reporting, Annual Review and Announcement Requirements but Exempt from Independent Shareholders' Approval Requirement

1. Master Dairy Products Purchase Agreement

On 6 May 2021, New Hope Service entered into a master dairy products purchase agreement (the "**Master Dairy Products Purchase Agreement**") with New Hope Dairy Co., Ltd. (新希望乳業股份有限公司) (the "**New Hope Dairy**"), pursuant to which the Company agreed to purchase from New Hope Dairy and its subsidiaries and/or associates (the "**New Hope Dairy Group**") dairy products for a term commencing from the Listing Date to December 31, 2023. The Company will re-sell a substantial portion of such products to residents of properties the Group managed who place orders via the "Modern Leisure Lifestyle (漫生活)" mobile application or offline convenience stores under our management. As the original annual caps under Mater Dairy Products Purchase Agreement may not be sufficient, in order for the Group to continue its re-sale of dairy products via online mobile application or offline convenience stores under its management, on 13 December 2021, the Company entered into a supplemental agreement with New Hope Diary to revise the annual caps under the Master Dairy Products Purchase Agreement.

The revised annual caps of the fee payable by the Group under the Master Dairy Products Purchase Agreement for the year ended 31 December 2021 is RMB6 million, and for each of the two years ending 31 December 2022 and 31 December 2023 is RMB16 million and RMB24 million, respectively. The amount for the transactions under the Master Dairy Products Purchase Agreement involved during the period from the Listing Date to 31 December 2021 is RMB4.3 million.

As at the date of this report, New Hope Dairy is indirectly controlled by Ms. Liu Chang, one of the Company's controlling shareholders. Hence, New Hope Dairy is an associate of Ms. Liu Chang, and a connected person of the Company.

2. Master Purchase Agreement

On 6 May 2021, New Hope Service entered into a master purchase agreement (the "**Master Purchase Agreement**") with New Hope Holdings Co., Ltd. (新希望控股有限公司) (the "**New Hope Holdings**"), pursuant to which the Group agreed to purchase from New Hope Holdings, its subsidiaries and associates (the "**New Hope Holdings Group**") meat products and seasonings for a term commencing from the Listing Date to 31 December 2023. The Company will re-sell a substantial portion of such products to residents of properties the Group managed who place orders via the "Modern Leisure Lifestyle (漫生活)" mobile application or offline convenience stores under its management. The Company also gives away a small amount of such products to its employees as part of the Group's employee benefits and certain amount of seasonings is used in the canteens under its management. As the original annual caps under the Master Purchase Agreement may not be sufficient, in order for the Group to continue its re-sell of meat products and seasoning via online mobile application or offline convenience stores under its management, on 13 December 2021, the Company entered into a supplemental agreement with New Hope Holdings to revise the annual caps for the two years ending 31 December 2022 and 31 December 2023 under the Master Purchase Agreement.

The annual cap of the fee payable by the Group under the Master Purchase Agreement for the year ended 31 December 2021 is RMB3 million, and the revised annual caps for each of the two years ending 31 December 2022 and 31 December 2023 is RMB20 million and RMB26 million, respectively. The amount for the transactions under the Master Purchase Agreement involved during the period from the Listing Date to 31 December 2021 is RMB1 million.

As at the date of this report, New Hope Holdings is indirectly wholly owned by Mr. Liu Yonghao, one of the Company's controlling shareholders. Hence, New Hope Holdings is an associate of Mr. Liu Yonghao, and a connected person of the Company.

3. Master Sales Agreement

On 6 May 2021, New Hope Services entered into a master sales agreement (the "**Master Sales Agreement**") with New Hope Holdings, pursuant to which the New Hope Holdings Group agreed to purchase from the Group certain products, including but not limited to processed food (the "**Products**"), which will be provided to their employees as employee benefits or will be used in the marketing promotion activities of New Hope Holdings Group for a term commencing from the Listing Date to 31 December 2023. In order to further develop its lifestyle services, on 13 December 2022, the Company entered into a supplemental agreement with New Hope Holdings to revise the annual caps under the Master Sales Agreement and expanded the existing scopes of Products to include processed food, gift box, alcohol and other farm and sideline products.

The revised annual cap of the fee payable by the Group under the Master Sales Agreement for the year ended 31 December 2021 is RMB8.5 million, and for each of the two years ending 31 December 2022 and 31 December 2023 is RMB19.8 million and RMB25.3 million, respectively. The amount for the transactions under the Master Sales Agreement involved during the period from the Listing Date to 31 December 2021 is RMB7.3 million.

4. Master Advertising and Events Organisation Services Framework Agreement

On 6 May 2021, New Hope Services entered into an advertising and events organization services framework agreement (the "**Master Advertising and Events Organization Services Framework Agreement**") with Sichuan New Hope Real Estate Development Co., Ltd. (四川新希望房地產開發有限公司) (the "**New Hope Property**", together with its subsidiaries "**New Hope Property Group**"), pursuant to which the Group agreed to provide services such as advertisement design and events organization services to the New Hope Property Group and its associates, for a term commencing from the Listing Date until 31 December 2023.

The annual cap of the fee payable by the New Hope Property Group under the Master Advertising and Events Organisation Services Framework Agreement for the year ended 31 December 2021 is RMB5.6 million, and for each of the two years ending 31 December 2022 and 31 December 2023 is RMB6.8 million and RMB8.2 million, respectively. The amount for the transactions under the Master Advertising and Events Organisation Services Framework Agreement involved during the period from the Listing Date to 31 December 2021 is RMB5.6 million.

As at the date of this report, New Hope Property is indirectly controlled by Mr. Liu Yonghao, one of the controlling shareholders of the Company. Hence, New Hope Property is an associate of Mr. Liu Yonghao, and a connected person of the Company.

(B) Continuing Connected Transactions Subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirement

1. Master Property Management and Related Services Agreement

On 6 May 2021, New Hope Service entered into a master property management and related services agreement (the "**Master Property Management and Related Services Agreement**") with New Hope Holdings, pursuant to which the Group agreed to provide to the New Hope Holdings Group property management and related services, including but not limited to (i) pre-delivery services, including but not limited to (a) preliminary planning and design consultancy services; (b) management services for the sales offices and the display units; (c) house inspection; (d) pre-delivery cleaning services; and (e) pre-delivery preparation; (ii) repair and maintenance services for house and auxiliary facilities after delivery; (iii) property management services for the properties owned or used by New Hope Holdings Group, including but not limited to the unsold residential property units, car parking lots, office buildings and commercial properties; and (iv) other value-added services, such as catering services to the employees of New Hope Holdings Group. The Master Property Management and Related Services Agreement has a term commencing from the Listing Date to 31 December 2023.

The annual cap of the fee payable by the New Hope Holdings Group under the Master Property Management and Related Services Agreement for the year ended 31 December 2021 is RMB280.8 million, and for each of the two years ending 31 December 2022 and 31 December 2023 is RMB406.6 million and RMB486.9 million, respectively. The amount for the transactions under the Master Property Management and Related Services Agreement involved during the period from the Listing Date to 31 December 2021 is RMB216.0 million.

2. Master Commercial Operational and Related Services Agreement

On 6 May 2021, New Hope Service entered into a master commercial operational services agreement (the "**Master Commercial Operational and Related Services Agreement**") with New Hope Property, pursuant to which the Group agreed to provide to the New Hope Property Group and its associates with commercial operational services, including but not limited to preliminary planning and consultancy, tenant sourcing and management and marketing and promotion services and other related services, for commercial properties developed/owned/rent by the New Hope Property Group and its associates which include office buildings, shopping malls, commercial complexes and operational spaces in or near residential communities. The Master Commercial Operational and Related Services Agreement has a term commencing from the Listing Date to 31 December 2023.

The annual cap of the fee payable by the New Hope Property Group under the Master Commercial Operational and Related Services Agreement for the year ended 31 December 2021 is RMB48.6 million, and for each of the two years ending 31 December 2022 and 31 December 2023 is RMB53.0 million and RMB76.3 million, respectively. The amount for the transactions under the Master Commercial Operational and Related Services Agreement involved during the period from the Listing Date to 31 December 2021 is RMB46.5 million.

3. Master Property Agency Services Agreement

On 6 May 2021, New Hope Service entered into a master property agency services agreement (the "**Master Property Agency Services Agreement**") with New Hope Property, pursuant to which the Group agreed to provide property agency services in respect of unsold commercial properties including car parking lots owned/developed by the New Hope Property Group and its associates. The Master Property Agency Services Agreement has a term commencing from the Listing Date until 31 December 2023.

The annual cap of the fee payable by the New Hope Property Group under the Master Property Agency Services Agreement for the year ended 31 December 2021 is RMB11.2 million, and for each of the two years ending 31 December 2022 and 31 December 2023 is RMB12.5 million and RMB14.9 million, respectively. The amount for the transactions under the Master Property Agency Services Agreement involved during the period from the Listing Date to 31 December 2021 is RMB11.1 million.

CONFIRMATION FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

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

CONFIRMATION FROM THE AUDITOR

In accordance with Rule 14A.56 of the Listing Rules, the Group has engaged its auditor to report on the Group's continuing connected transactions. The auditor of the Group have issued a assurance report to the Board confirming that nothing has come to their attention that causes them to believe that the above continuing connected transactions (i) have not been approved by the Board; (ii) involving the provision of goods or services by the Group were not, in all material respects, in accordance with the pricing policies of the Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iv) have exceeded the annual cap set by the Company.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the year ended 31 December 2021 are set out in note 27 to the consolidated financial statements in this annual report.

Save as disclosed above, during the year ended 31 December 2021, none of the related party transactions constitutes a connected transaction or continuing connected transaction subject to reporting, announcement, independent Shareholders' approval, annual review and all disclosure requirements in Chapter 14A of the Listing Rules. The Company confirms it has complied with all the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

EQUITY LINKED AGREEMENTS

During the year ended 31 December 2021, other than the Share Option Scheme, no equity-linked agreements were entered into by the Company or subsisted at the end of the year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the Share Option Scheme, at no time during the year was the Company, its holding company, or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities including debentures of, the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Except for the Company's Global Offering (including the partial exercise of over-allotment options) as defined and described in the Prospectus and the announcement of the Company dated 15 June 2021, the Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company from the Listing Date up to 31 December 2021.

PRE-EMPTIVE RIGHTS

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

LITIGATION

As at 31 December 2021, 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.

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 ended 31 December 2021, 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 directors' report.

FINANCIAL SUMMARY

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last four financial years is set out on page 134 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 since the Listing Date and up to the date of the report has been in compliance with the minimum percentage of public float prescribed by the Stock Exchange.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company is incorporated in the Cayman Islands with the Shares listed on the Main Board of the Stock Exchange. The Group's subsidiaries are mainly incorporated in the PRC. The Group's operations are mainly carried out by the Group's subsidiaries in the PRC.

Its establishments and operations accordingly shall comply with relevant laws and regulations in the Cayman Islands, the PRC and Hong Kong. During the year ended 31 December 2021 and up to the date of this report, the Group has complied with all the relevant laws and regulations in the Cayman Islands, the PRC and Hong Kong that have a significant impact on the Group.

RELATIONSHIP WITH STAKEHOLDERS

The Group considers its employees as important stakeholders and cooperative partners. The Group has established an efficient incentive scheme to link its employees' performance with the Group's corporate goal, which further align their interest with the Group.

The Group's suppliers are primarily subcontractors located in China which provide cleaning, security, landscaping, certain repair and maintenance services and third-party suppliers for its online and offline retail services and catering services. The Group is dedicated to develop good relationship with suppliers as long-term business partners to ensure stability of the Group's businesses. The Group's customers are primarily property developers, property owners, property owners' associations, businesses, residents and tenants. Customer satisfaction with the Group's services has a profound impact on the profitability. The Group values customer feedback on its services, the Group is in constant communication with its customers and potential customers to identify customers' pain points alongside grasping the market trend, thus helping the Group to timely adjust our operating strategies to fit the market requirement. The Group also puts ongoing 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.

ENVIRONMENTAL AND SOCIAL MATTERS

The Environmental, Social and Governance Report of the Company for the financial year ended 31 December 2021 prepared in compliance with the relevant provisions set out in the Environmental, Social and Governance Reporting Guide in Appendix 27 of the Listing Rules will be published in due course.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

As at the date of this report, the Group did not have any other significant event subsequent to 31 December 2021.

AUDITOR

The Shares were only listed on the Stock Exchange on 25 May 2021, and there is no change in auditors since the Listing Date. The consolidated financial statements of the Group for the year ended 31 December 2021 have been audited by KPMG who will retire at the AGM. KPMG, being eligible, will offer themselves for re-appointment. A resolution for the re-appointment of KPMG as the auditor of the Company will be proposed at the AGM.

By Order of the Board
New Hope Service Holdings Limited
Zhang Minggui
Chairman

Hong Kong, 21 March 2022

Independent auditor's report to the shareholders of
New Hope Service Holdings Limited
(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of New Hope Service Holdings Limited ("the Company") and its subsidiaries ("the Group") set out on pages 74 to 133, which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flow for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the 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") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was 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 this matter.

Key audit matter (continued)

Expected credit loss allowance for trade receivables

Refer to accounting policy note 2(k) note 17 and note 25(a) to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
As at 31 December 2021, the Group's gross trade receivables and a loss allowance for expected credit losses (ECLs) amounted to RMB193.9 million and RMB4.6 million, respectively. The Group's trade receivables comprise mainly receivables from property owners and property developers. Management measured the loss allowance at an amount equal to lifetime ECL of the trade receivables based on the estimated loss rates for different customers. The estimated loss rates take into account the aging of trade receivables, historical default rate, current market conditions and forward-looking information. We identified the ECL allowance for trade receivables as a key audit matter because the balance of trade receivables is material to the Group's consolidated financial statements and determining the level of the loss allowance is inherently subjective and requires the exercise of management judgement.	Our audit procedures to assess ECL allowance for trade receivables included the following: • obtaining an understanding of and evaluating the design, implementation and operating effectiveness of key internal controls relating to credit control, segmentation of trade receivables, ageing analysis review, and estimation of credit loss allowances; • evaluating the Group's policy for estimating the credit loss allowance with reference to the requirements of the prevailing accounting standard; • obtaining an understanding of the key data and assumptions of the ECL model adopted by management, including the basis of segmentation of trade receivables based on credit loss characteristics, historical default data used in management's estimation of loss rate; • assessing the appropriateness of management's estimation of loss allowance by examining the information used by management to derive such estimates, including testing the accuracy of the historical default data and evaluating whether historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information; • assessing whether items in the trade receivables aging report were categorised in the appropriate ageing bracket by comparing individual items with the demand notes and sales invoices on a sample basis; and • re-performing the calculation of the loss allowance as at 31 December 2021 based on the Group's ECL allowance policies.

Information other than the consolidated financial statements and auditor's report thereon

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

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

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

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

Responsibilities of the directors for the consolidated financial statements

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

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

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

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

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

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

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.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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

The engagement partner on the audit resulting in this independent auditor's report is Chu Man Wai.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
21 March 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2021
(Expressed in Renminbi ("RMB"))

	Note	2021 RMB'000	2020 RMB'000
Revenue	4	924,970	588,263
Cost of sales		(548,280)	(340,891)
Gross profit		376,690	247,372
Other net income	5	1,265	10,258
Selling expenses		(3,862)	(3,174)
Administrative expenses		(172,505)	(119,401)
Expected credit loss on financial assets		(3,194)	(251)
Profit from operations		198,394	134,804
Finance expenses		(4,831)	(45,230)
Finance income		8,850	42,525
Finance income/(costs), net	6(a)	4,019	(2,705)
Share of profits less losses of an associate		(201)	499
Profit before taxation		202,212	132,598
Income tax	7(a)	(36,333)	(22,828)
Profit for the year		165,879	109,770
Attributable to:			
Equity shareholders of the Company		165,894	109,770
Non-controlling interests		(15)	–
Profit for the year		165,879	109,770
Earnings per share			
Basic and diluted (RMB)	10	0.23	0.19

The notes on pages 81 to 133 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in Note 24(b).

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2021
(Expressed in RMB)

	Note	2021 RMB'000	2020 RMB'000
Profit for the year		**165,879**	109,770
Other comprehensive income for the year:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of overseas subsidiaries		**(23)**	–
		(23)	–
Other comprehensive income for the year, net of tax			
Total comprehensive income for the year		**165,856**	109,770
Attributable to:			
Equity shareholders of the Company		**165,871**	109,770
Non-controlling interests		**(15)**	–
Total comprehensive income for the year		**165,856**	109,770

The notes on pages 81 to 133 form part of these financial statements.

Consolidated Statement of Financial Position

at 31 December 2021
(Expressed in RMB)

	Note	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Non-current assets			
Investment properties	*11*	**96,668**	71,680
Property, plant and equipment	*12*	**13,619**	17,098
Intangible assets	*13*	**24,838**	5,799
Interests in an associate	*15*	**1,441**	1,643
Equity securities designated at fair value through other comprehensive income (FVOCI)		**30**	30
Deferred tax assets	*23(b)*	**2,779**	7,386
		139,375	103,636
Current assets			
Inventories		**267**	299
Amount due from related companies	*27(c)*	**–**	173,402
Prepayments, deposits and other receivables	*16*	**56,510**	38,122
Trade receivables	*17*	**189,285**	163,103
Cash and cash equivalents	*18*	**1,105,530**	112,614
		1,351,592	487,540
Current liabilities			
Trade payables	*19*	**71,787**	43,653
Other payables and accruals	*20*	**186,603**	172,175
Contract liabilities	*21*	**195,772**	161,706
Amount due to related companies	*27(c)*	**6,126**	43
Current taxation	*23(a)*	**–**	12,174
Lease liabilities	*22*	**8,472**	7,245
		468,760	396,996
Net current assets		**882,832**	90,544
Total assets less current liabilities		**1,022,207**	194,180
Non-current liabilities			
Lease liabilities	*22*	**60,356**	46,354
Deferred tax liabilities	*23(b)*	**7,492**	2,528
		67,848	48,882
NET ASSETS		**954,359**	145,298

The notes on pages 81 to 133 form part of these financial statements.

at 31 December 2021
(Expressed in RMB)

	Note	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
CAPITAL AND RESERVES			
Share capital	*24*	6,741	*
Reserves	*24*	946,108	145,298
Total equity attributable to equity shareholders of the Company		952,849	145,298
Non-controlling interests		1,510	–
TOTAL EQUITY		954,359	145,298

* The balance represents an amount less than RMB1,000.

Approved and authorised for issue by the board of directors on 21 March 2022.

Wu Min	**Chen Jing**
Director	Director

The notes on pages 81 to 133 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2021
(Expressed in RMB)

	Note	Attributable to equity shareholders of the Company					
		Share capital RMB'000	Capital reserve RMB'000	Statutory surplus reserves RMB'000	Retained profits RMB'000	Total RMB'000	Total equity RMB'000
Balance at 1 January 2020		–	62,994	7,065	353,175	423,234	423,234
Changes in equity for 2020:							
Profit and total comprehensive income for the year		–	–	–	109,770	109,770	109,770
Issue of shares	*24(c)*	*	–	–	–	*	*
Equity settled share-based payments		–	7,357	–	–	7,357	7,357
Appropriation to statutory reserve		–	–	9,537	(9,537)	–	–
Consideration paid for business combinations under common control		–	–	–	(79,350)	(79,350)	(79,350)
Dividends declared to the then shareholders	*24(b)*	–	–	–	(315,713)	(315,713)	(315,713)
Balance at 31 December 2020		*	70,351	16,602	58,345	145,298	145,298

The notes on pages 81 to 133 form part of these financial statements.

for the year ended 31 December 2021
(Expressed in RMB)

	Note	Attributable to equity shareholders of the Company								
		Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory surplus reserves RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2021		–*	–	70,351	16,602	–	58,345	145,298	–	145,298
Changes in equity for 2021:										
Profit for the year		–	–	–	–	–	165,894	165,894	(15)	165,879
Other comprehensive income		–	–	–	–	(23)	–	(23)	–	(23)
Total comprehensive income for the year		–	–	–	–	(23)	165,894	165,871	(15)	165,856
Issue of shares	*24(c)*	*	114,803	–	–	–	–	114,803	–	114,803
Capitalisation issue	*24(c)*	4,968	(4,968)	–	–	–	–	–	–	–
Issue of ordinary shares upon initial public offering, net of issuing costs		1,773	640,201	–	–	–	–	641,974	–	641,974
Deemed distribution (Note (i))	*24(c)*	–	–	(115,097)	–	–	–	(115,097)	–	(115,097)
Appropriation to statutory reserve		–	–	–	19,071	–	(19,071)	–	–	–
Contribution from non-controlling interests		–	–	–	–	–	–	–	1,525	1,525
Balance at 31 December 2021		6,741	750,036	(44,746)	35,673	(23)	205,168	952,849	1,510	954,359

* The balance represents an amount less than RMB1,000.

Note:

(i) The deemed distribution represents the considerations paid to the then shareholders to acquire equity interests in New Hope Property Service Group Co., Ltd. pursuant to the reorganisation prior to listing as detailed in the Company's prospectus dated 11 May 2021 (the "Prospectus").

The notes on pages 81 to 133 form part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2021
(Expressed in Renminbi ("RMB"))

	Note	2021 RMB'000	2020 RMB'000
Operating activities			
Cash generated from operations	*18(b)*	**277,801**	181,384
Income taxes paid	*23(a)*	**(41,586)**	(16,186)
Net cash generated from operating activities		**236,215**	165,198
Investing activities			
Interest received		**8,850**	983
Dividends received from an associate		**–**	613
Proceeds/(net cash outflows) on disposal of property, plant and equipment		**724**	(29)
Purchases of property, plant and equipment and investment properties		**(17,072)**	(8,420)
Purchases of intangible assets		**(21,838)**	(2,547)
Net cash outflow from disposal of subsidiaries		**–**	(521)
Repayment of advances to related parties		**173,402**	298,428
Net cash generated from investing activities		**144,066**	288,507
Financing activities			
Proceeds for subscription of incentive shares		**–**	7,357
Proceeds from issue of shares		**114,803**	–
Proceeds from issue of ordinary shares upon initial public offering, net of issuing costs		**648,676**	–
Deemed distribution arising from the reorganisation		**(115,097)**	–
Contribution from non-controlling interests		**1,525**	–
Repayment of long-term borrowings		**–**	(50,120)
Dividends paid by New Hope Property Service	*24(b)*	**–**	(315,713)
Capital element of leases rentals paid	*18(c)*	**(11,051)**	(7,448)
Interest element of leases rentals paid	*18(c)*	**(1,497)**	(802)
Interests paid		**(604)**	(45,099)
Payments for the acquisition of subsidiaries under common control		**–**	(79,350)
Advances from related parties		**6,083**	102,412
Listing expense paid		**(30,203)**	(1,675)
Net cash generated from/(used in) financing activities		**612,635**	(390,438)
Net increase in cash and cash equivalents		**992,916**	63,267
Cash and cash equivalents at 1 January	*18(a)*	**112,614**	49,347
Cash and cash equivalents at 31 December	*18(a)*	**1,105,530**	112,614

The notes on pages 81 to 133 form part of these financial statements.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

1 Corporation information

New Hope Service Holdings Limited (the "Company") was incorporated in the Cayman Islands on 5 November 2020 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The Company and its subsidiaries (together, referred to as "the Group") are principally engaged in property management services, value-added services to non-property owners, commercial operational services and lifestyle services in the People's Republic of China (the "PRC"). The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 25 May 2021.

The immediate parent of the Group is Golden Rose Developments Limited, a company incorporated under the laws of British Virgin Islands ("BVI"). The ultimate controlling party of the Group are Mr. Liu Yonghao and Ms. Liu Chang (collectively the "Ultimate Owners").

2 Significant accounting policies

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance. Significant accounting policies adopted by the Group are disclosed below.

The IASB has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in an associate.

Prior to the incorporation of the Company, the principal business of the Group were carried out by New Hope Property Service Group Co., Ltd and its subsidiaries (together"New Hope Property Service Group"), and Sichuan New Hope Commercial Management Co., Ltd. and its subsidiaries (together "New Hope Commercial Management Group"). Pursuant to a group reorganisation to rationalise the corporate structures in preparation of the listing of the Company's shares on the Stock Exchange, which was completed on 8 January 2021 (the "Reorganisation"), the Company became the holding company of the entities now comprising the Group.

2 Significant accounting policies (continued)

(b) Basis of preparation of the financial statements (continued)

As part of the Reorganisation, New Hope Property Service Group acquired 100% equity interests in Sichuan New Hope Commercial Management Co., Ltd. held by New Hope Property Development at a total consideration of RMB79,350,000 on 30 August 2020, and the Company, either on its own or through its wholly owned subsidiaries, acquired 97% equity interests in New Hope Property Service Group at a total cash consideration of RMB115,097,000 and the remaining 3% equity interests by allotting 300 shares of the Company to August Mist Limited in January 2021. Upon completion of the Reorganisation, the Company became the holding company of the Group. As New Hope Property Service Group and New Hope Commercial Management Group were under common control before and after the Reorganisation and that control was not transitory and consequently, the acquisition of New Hope Commercial Management Group by New Hope Property Service Group has been accounted for using the merger basis of accounting with the assets and liabilities of New Hope Commercial Management Group and its subsidiaries combined using the existing book values from the perspective of New Hope Property Development. In addition, there were no material changes in the economic substance of the ownership of New Hope Property Service Group and the business of the Group after inserting the Company and its wholly owned subsidiaries, all of which are newly formed entities with no substantive operations, as new holding companies of New Hope Property Service Group. Consequently, the consolidated financial statements for the years ended 31 December 2021 and 2020 has been prepared and presented as a continuation of the consolidated financial statements of New Hope Property Service Group.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

– Investment property, including interests in leasehold buildings held as investment property where the Group is the registered owner of the property interest (see Note 2(g))

– Investment in equity securities (see Note 2(f))

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

2 Significant accounting policies (continued)

(c) Changes in accounting policies

The Group has applied the following amendments to IFRSs issued by the IASB to the financial statements for the current accounting period:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, Interest rate benchmark reform – phase 2
- Amendment to IFRS 16, Covid-19-related rent concessions beyond 30 June 2021

Other than the amendment to IFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company.

Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the period between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

2 Significant accounting policies (continued)

(d) Subsidiaries and non-controlling interests (continued)

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(f)).

(e) Associate

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Note 2(k)(ii)). Any acquisition date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate (after applying the ECL model to such other long-term interests where applicable) (see Note 2(k)(i)).

Unrealised profits and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

2 Significant accounting policies (continued)

(e) Associate (continued)

In all other cases, when the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 2(f)).

In the Company's statement of financial position, investments in associate are stated at cost less impairment losses (see Note 2(k)(ii)), unless classified as held for sale (or included in a disposal group that is classified as held for sale).

(f) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries and associate, are set out below.

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognised directly in profit or loss. These investments are subsequently accounted for as follows, depending on their classification.

(i) Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see Note 2(u)(v)).

– fair value through other comprehensive income ("FVOCI") – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

– fair value through profit or loss (FVPL) if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

2 Significant accounting policies (continued)

(f) Other investments in debt and equity securities (continued)

(ii) Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in Note 2(u).

(g) Investment property

Investment properties are buildings which are owned or held under a leasehold interest (see Note 2(j)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in Note 2(u)(iii).

(h) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(k)(ii)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see Note 2(w)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

2 Significant accounting policies (continued)

(h) Property, plant and equipment (continued)

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

– Vehicles	4-5 years
– Office and other equipment	2-10 years
– Furniture and fixtures	3 years
– Right-of-use assets-leased properties	2-8 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually. No depreciation is provided in respect of construction in progress until it is completed and ready for intended use.

(i) Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 2(k)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

– Software	3-10 years

Both the period and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

2 Significant accounting policies (continued)

(j) Leased assets

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

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily equipment. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(h) and 2(k)(ii)).

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in debt securities carried at amortised cost. Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

2 Significant accounting policies (continued)

(j) Leased assets (continued)

(i) As a lessee (continued)

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of IFRS 16 Leases. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and presents lease liabilities separately in the statement of financial position.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with Note 2(u)(iii).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in Note 2(j)(i), then the Group classifies the sub-lease as an operating lease.

2 Significant accounting policies (continued)

(k) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses (ECLs) on financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables).

Other financial assets measured at fair value, including equity and debt securities measured at FVPL and equity securities designated at FVOCI (non-recycling), are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rate where the effect of discounting is material:

– fixed-rate financial assets, trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

2 Significant accounting policies (continued)

(k) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments (continued)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 1 year past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

2 Significant accounting policies (continued)

(k) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments (continued)

Basis of calculation of interest income

Interest income recognised in accordance with Note 2(u)(v) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

2 Significant accounting policies (continued)

(k) Credit losses and impairment of assets (continued)

(ii) Impairment of non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment;

– intangible assets;

– investment in associate; and

– investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

– *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– *Reversals of impairment losses*

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2 Significant accounting policies (continued)

(k) Credit losses and impairment of assets (continued)

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with IAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see Notes 2(k)(i) and (ii)).

(l) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value as follows:

- Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

- Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(m) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(u)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see Note 2(n)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(u)(v)).

2 Significant accounting policies (continued)

(n) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see Note 2(m)).

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method and including less allowance for credit losses (see Note 2(k)(i)).

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses ("ECL") in accordance with the policy set out in Note 2(k)(i).

(p) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(q) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see Note 2(w)).

(r) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Obligations for contributions to appropriate local defined contribution retirement schemes pursuant to the relevant labour rules and regulations in relevant jurisdictions are recognised as an expense in profit or loss as incurred.

2 Significant accounting policies (continued)

(s) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to business combinations and items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(j), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

2 Significant accounting policies (continued)

(s) Income tax (continued)

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(t) Provisions, contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

2 Significant accounting policies (continued)

(u) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Property management services and commercial operational services

For management services related to property management services and commercial operational services, the Group recognises revenue in the amount to which the Group has the right to invoice based on the value of performance completed on a monthly basis.

For property services management income arising from properties managed under lump sum basis, where the Group acts as principal, the Group entitles to revenue at the value of property services management fee received or receivable. For property services management income arising from properties managed under commission basis, where the Group acts as an agent of the property owners, the Group entitles to revenue at a pre-determined percentage or fixed amount of the property services management fees the property owners are obligated to pay.

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

Value-added services mainly include preliminary planning and pre-delivery inspection services, post-delivery warranty services and additional tailored services customised to property developers recognised when such services have been provided.

If contracts involve the provision of multiple services, the transaction prices are 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.

(iii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

2 Significant accounting policies (continued)

(u) Revenue and other income (continued)

(iv) Sale of goods

Revenue is recognised when the customer takes possession of and accepts the goods.

(v) Interest income

Interest income is recognised as it accrues under the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(k)).

(vi) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised initially as deferred income and amortised to profit or loss on a straight-line basis over the useful life of the assets by way of recognised in other income.

(v) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

2 Significant accounting policies (continued)

(w) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(x) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

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

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

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

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

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 Significant accounting policies (continued)

(y) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 Accounting judgement and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty in the preparation of the financial statements are as follows:

(i) Expected credit losses for receivables

The credit losses for trade and other receivables are based on assumptions about risk of expected credit loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the expected credit loss calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see Note 25(a). Changes in the assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional loss allowances in future periods.

(ii) Valuation of investment properties

Investment properties are stated at fair value based on the valuation performed by an independent firm of professional valuers after taking into consideration the market evidences of transaction prices, and where appropriate, the rental income allowing for reversionary income potential.

In determining the fair value, the valuers have taken into consideration the market conditions existed at the end of each reporting period or where appropriate, a method of valuation where involves, inter alia, certain estimates including market prices, prevailing market rents for comparable properties in the same location and condition, appropriate discount rate and expected future market rents. In relying on the valuation report, the management has exercised their judgement and are satisfied that the method of valuation is reflective of the prevailing market conditions as at the end of each reporting period.

4 Revenue and segment reporting

(a) Revenue

The principal activities of the Group are property management services, value-added services to non-property owners, commercial operational services and lifestyle services.

(i) Disaggregation of revenue

	2021 RMB'000	2020 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
– Over time	695,285	475,405
– A point in time	207,359	98,311
Revenue from other sources		
– Rental income from investment properties	22,326	14,547
Total	924,970	588,263

	2021 RMB'000	2020 RMB'000
Type of services		
– Property management services	317,255	189,724
– Value-added services to non-property owners	233,791	168,335
– Commercial operational services	120,378	112,956
– Lifestyle services	253,546	117,248
	924,970	588,263

For the year ended 31 December 2021, revenue from New Hope Group Co., Ltd. and its subsidiaries contributed 20.5% (2020: 30.2%) of the Group's revenue. Other than New Hope Group Co., Ltd. and its subsidiaries, the Group's customer base is diversified and none of individual customer contributed 10% or more of the Group's revenue in 2021 (2020: nil).

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

For property management services, value-added services to non-property owners and commercial operational service, the Group recognises revenue when the services are provided on monthly basis and recognises to which the Group has a right to invoice and that corresponds directly with the value of performance completed. The Group has elected the practical expedient for not to disclose the remaining performance obligations for this type of contracts.

For lifestyle services, there is no significant unsatisfied performance obligation at the end of respective reporting periods.

4 Revenue and segment reporting (continued)

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment. The accounting policies applied in determining segment revenue and segment results of the operating segments are the same as the Group's accounting policies described in Note 2 above. Segment results represent the profit earned by each segment without allocation of central administrative costs. The chief operating decision maker (''CODM'') considers the Group has four operating and reportable segments which are based on the internal organisation and reporting structure. This is the basis upon which the Group is organised.

The Group's operating and reportable segments are as follows:

- Property management services: this segment provides property management services to residential properties, commercial properties and other types of non-residential properties.

- Value-added services to non-property owners: this segment provides value-added services to non-property owners, including preliminary planning, design consultancy and pre-delivery services and sales office management.

- Commercial operational services: this segment provides market research and positioning and tenant sourcing services and commercial operation services and commercial properties leasing.

- Lifestyle services: this segment provides community living services and community asset management services and online and offline retail services and catering services.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Central administrative expenses or assistance provided by one segment to the other, including sharing of assets and technical know-how, is not measure in respective operating segment.

The measure used for reporting segment profit is gross profit.

No analysis of segment assets and segment liabilities is presented as these information are not regularly provided to the CODM for review.

4 Revenue and segment reporting (continued)

(b) Segment reporting (continued)

The following is an analysis of the Group's revenue and results by operating and reportable segment:

	Property management services RMB'000	Value-added services to non-property owners RMB'000	Commercial operational services RMB'000	Lifestyle services RMB'000	Total RMB'000
Year ended 31 December 2021					
Segment revenue	317,255	233,791	120,378	253,546	924,970
Segment gross profits	95,647	99,787	75,086	106,170	376,690
Central administrative costs					(174,478)
Profit before taxation					202,212

	Property management services RMB'000	Value-added services to non-property owners RMB'000	Commercial operational services RMB'000	Lifestyle services RMB'000	Total RMB'000
Year ended 31 December 2020					
Segment revenue	189,724	168,335	112,956	117,248	588,263
Segment gross profits	59,208	73,656	61,866	52,642	247,372
Central administrative costs					(114,774)
Profit before taxation					132,598

5 Other net income

	2021 RMB'000	2020 RMB'000
Gain on disposal of subsidiaries	–	3,007
Government grants (Note)	5,602	2,259
Valuation (losses)/gains on investment properties	(9,261)	926
Net losses on disposal of property, plant and equipment	(724)	(29)
Others	5,648	4,095
Total	1,265	10,258

Note: The government grants represent subsidies from various PRC authorities. There are no unfulfilled conditions or future obligations attached to these subsidies.

6 Profit before taxation

Profit before taxation is arrived at after (crediting)/charging:

(a) Finance income/(costs), net

	2021 RMB'000	2020 RMB'000
Interest income from cash at bank and other financial institution	8,844	978
Interest income from a related party	6	41,547
Interest expenses to a related party	–	(43,445)
Interest on lease liabilities	(3,387)	(1,334)
Bank and other charges	(591)	(325)
Others	(853)	(126)
Total	4,019	(2,705)

(b) Staff costs

	2021 RMB'000	2020 RMB'000
Salaries, wages and other benefits	321,520	250,946
Contributions to defined contribution retirement plan	17,847	5,369
Total	339,367	256,315

6 Profit before taxation (continued)

(c) Other items

	2021 RMB'000	2020 RMB'000
Amortisation of intangible assets (Note 13)	2,799	784
Depreciation charge of property, plant and equipment (Note 12)	9,961	7,025
Expected credit loss on financial assets	3,194	251
Auditor's remuneration-audit related service	2,500	150
Auditor's remuneration-other service	76	–
Listing expenses	24,317	7,561
Expenses relating to short-term leases	2,266	1,859

7 Income tax in the consolidated statement of profit or loss and other comprehensive income

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2021 RMB'000	2020 RMB'000
Current tax – PRC Corporate Income Tax		
Provision for the year	26,762	23,756
Deferred tax		
Origination and reversal of temporary differences	4,440	(928)
Withholding tax in connection with the retained profits to be distributed by a subsidiary of the Group	5,131	–
	36,333	22,828

7 Income tax in the consolidated statement of profit or loss and other comprehensive income (continued)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2021 RMB'000	2020 RMB'000
Profit before taxation	**202,212**	132,598
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned (Note (i))	**50,553**	33,149
Effect of withholding tax on the net distributable earnings of the Group's PRC subsidiaries	**5,131**	–
Effect of PRC preferential tax (Notes (ii) and (iii))	**(20,690)**	(9,997)
Effect of non-deductible expenses	**380**	221
Effect of utilisation of tax losses for which deferred tax assets was not recognised	**(317)**	(807)
Effect of unrecognised tax losses	**1,307**	337
Others	**(31)**	(75)
Actual tax expense	**36,333**	22,828

Notes:

(i) Pursuant to the tax rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

No provision for Hong Kong Profits Tax has been made as the Group did not earn any income subject to Hong Kong Profits Tax in 2021(2020: nil).

The provision for PRC current income tax is based on a statutory rate of 25% of the assessable profit as determined in accordance with the relevant income tax rules and regulations of the PRC.

(ii) Pursuant to Caishui [2011] No. 58 Notice on Issues Concerning Relevant Tax Policies to In-depth Implementation of the Western Development Strategy (關於深入實施西部大開發戰略有關稅收政策問題的通知) and Announcement [2012] No. 12 Public Announcement on Corporate Income Tax Issues Relating to In-depth Implementation of the Western Development Strategy（關於深入實施西部大開發戰略有關企業所得稅問題的公告）and Caishui [2020] No. 23 Announcement on Continuation of Corporate Income Tax Policies for the Western Development Strategy (關於延續西部大開發企業所得稅政策的公告), certain subsidiaries of the Group, being enterprises engaged in state encouraged industries established in the specified western regions, are taxed at a preferential income tax rate of 15% till 31 December 2020.

(iii) Certain subsidiaries have been approved as Small Low-profit Enterprises ("SLE"). The entitled subsidiaries are subject to a preferential income tax rate of 2.5% or 10% in certain years.

8 Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance, and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Year ended 31 December 2021					
Name of directors	**Directors' fee RMB'000**	**Basic salaries and allowance RMB'000**	**Discretionary bonus RMB'000**	**Share-based Compensation RMB'000**	**Retirement benefit contribution RMB'000**	**Total RMB'000**
Executive directors						
Wu Min	–	–	–	–	–	–
Chen Jing	–	791	1,402	–	12	2,205
Non-executive directors						
Zhang Minggui	–	–	–	–	–	–
Jiang Mengjun	–	–	–	–	–	–
Dong Li	–	–	–	–	–	–
Huang Kun	–	–	–	–	–	–
Independent non-executive directors	–	–	–	–	–	
Cao Qilin	133	–	–	–	–	133
Yan Lap Kei Isaac	133	–	–	–	–	133
Li Zhengguo	133	–	–	–	–	133
	399	791	1,402	–	12	2,604

	Year ended 31 December 2020					
Name of director	Directors' fee RMB'000	Basic salaries and allowance RMB'000	Discretionary bonus RMB'000	Share-based Compensation RMB'000	Retirement benefit contribution RMB'000	Total RMB'000
Executive Directors						
Wu Min	–	–	–	–	–	–
Chen Jing	–	693	1,200	–	14	1,907
Non-executive Directors						
Zhang Minggui	–	–	–	–	–	–
Jiang Mengjun	–	–	–	–	–	–
Dong Li	–	–	–	–	–	–
Huang Kun	–	–	–	–	–	–
	–	693	1,200	–	14	1,907

8 Directors' emoluments (continued)

Ms. Chen Jing was appointed on 5 November 2020. Other executive director and all non-executive directors were appointed on 29 December 2020 and all independent non-executive directors were appointed on 30 April 2020. The emoluments shown above represents remuneration received from the Group by them in their capacity as employees of the Group during the reporting period.

In 2021, no emoluments were paid by the Group to the directors (2020: nil) as an inducement to join or upon joining the Group or as compensation for loss of office. No director of the Group waived or agreed to waive any emoluments during the reporting period.

9 Individuals with highest emoluments

Of the five individuals with the highest emoluments, one (2020: one) is director who emolument is disclosed in Note 8. During the year ended 31 December 2021, the emoluments in respect of the other four individuals (2020: four) were as follow:

	2021 RMB'000	2020 RMB'000
Salaries and other emoluments	**2,601**	1,841
Discretionary bonuses	**1,335**	1,360
Retirement scheme contributions	**49**	58
	3,985	3,259

The emoluments of the above individual with the highest emoluments are within the following bands:

	2021	2020
Nil to HKD1,000,000	**–**	3
HKD1,000,001 to HKD1,500,000	**4**	1

10 Earnings per share

	2021 RMB'000	2020 RMB'000
Profits		
Profit attributable to equity shareholders of the Company	**165,894**	109,770

	2021 '000	2020 '000
Number of shares		
Weighted average number of ordinary shares	**726,373**	564,329

10 Earnings per share (continued)

Weighted average of 726,373,000 ordinary shares for the year ended 31 December 2021, includes the weighted average of 200,000,000 ordinary shares and 14,126,000 ordinary shares issued immediately after the completion of placing, in addition to the 600,000,000 ordinary shares, being the number of shares in issue immediately after the completion of capitalization issue in May 2021 as detailed in Note 24, deemed to have been issued for the year ended 31 December 2021.

For the purpose of computing basic and diluted earnings per share for 2020, the aforementioned 600,000,000 ordinary shares are deemed to have been issued throughout the year of 2020, having been adjusted retroactively for the proportional changes in the number of ordinary shares.

Diluted earnings per share were the same as the basic earnings per share as the Group had no dilutive potential shares in December 2021 and 2020.

11 Investment properties

	Leased Properties-owned RMB'000	Right-of-use assets RMB'000	Total RMB'000
Fair value			
At 1 January 2020	12,881	19,392	32,273
Additions	–	38,481	38,481
Change in fair value	410	516	926
At 31 December 2020	13,291	58,389	71,680
Additions	**12,189**	**22,060**	**34,249**
Change in fair value	**3,938**	**(13,199)**	**(9,261)**
At 31 December 2021	**29,418**	**67,250**	**96,668**

11 Investment properties (continued)

(a) Right-of-use assets

In 2021, the Group leased certain commercial properties located in Kunming, Wenzhou and Chengdu, the PRC, from property owners and subleased to tenants through operating leases to earn rental income. The right-of-use assets of the leases are determined to meet the definition of investment property.

(b) Fair value of properties

The following table presents the fair value of the Group's properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable inputs

		Fair value as at 31 December 2021 RMB'000	Fair value as at 31 December 2020 RMB'000
Investment properties located in the PRC	*Level 3*	**96,668**	71,680

During the years ended 31 December 2020 and 2021, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's investment properties were revalued as at 31 December 2021. The valuations as at 31 December 2021 were carried out by an independent firm, Beijing Zhongwei Zhengxin ("Bejing") Asset Evaluation Co.,Ltd. (中威正信(北京)資產評估有限公司), with recent experience in the location and category of property being valued. The Group's management have had discussion with the surveyors on the valuation assumptions and valuation methodology.

11 Investment properties (continued)

(b) Fair value of properties (continued)

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used).

	Valuation techniques	Unobservable input	Range
Investment properties			
– Car parks	Market approach	Market transaction price	Market price per sq.m., 31 December 2021: RMB1,535-RMB2,483 31 December 2020: RMB1,543-RMB2,983
– Retail stores	Income approach	Capitalisation rate	Capitalisation rate, 31 December 2021: 6% 31 December 2020: 6%

The fair value of investment properties is based on determined income approach or market approach. Under the income approach, the fair value of investment properties is estimated based on capitalisation rate, unit rent and remaining lease term. The unit rent mainly made reference to the rents in existing lease. Under the market approach, the fair value is estimated based on comparable transactions for properties in similar location, accessibility, age, quality, size and other factors.

Undiscounted lease payments under operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Within 1 year	**24,778**	25,078
After 1 year but within 2 years	**27,749**	21,721
After 2 years but within 3 years	**28,761**	19,686
After 3 years but within 4 years	**4,078**	19,051
After 4 years but within 5 years	**4,078**	1,270
Remaining years	**25,416**	3,216
	114,860	90,022

12 Property, plant and equipment

	Vehicles RMB'000	Office and other equipment RMB'000	Furniture and fixtures RMB'000	Right-of-use assets-leased properties RMB'000	Total RMB'000
Cost:					
At 1 January 2020	868	10,132	5,866	4,891	21,757
Additions	331	3,051	5,533	3,242	12,157
Disposals	–	(1,516)	–	–	(1,516)
At 31 December 2020	1,199	11,667	11,399	8,133	32,398
Additions	76	2,490	2,315	2,330	7,211
Disposals	(160)	(1,844)	–	(5,439)	(7,443)
At 31 December 2021	1,115	12,313	13,714	5,024	32,166
Accumulated depreciation:					
At 1 January 2020	(612)	(5,718)	(1,644)	(1,317)	(9,291)
Charge for the year	(212)	(1,439)	(2,943)	(2,431)	(7,025)
Written back on disposals	–	1,016	–	–	1,016
At 31 December 2020	(824)	(6,141)	(4,587)	(3,748)	(15,300)
Charge for the year	(138)	(2,103)	(3,970)	(3,750)	(9,961)
Written back on disposals	149	1,224	–	5,341	6,714
At 31 December 2021	(813)	(7,020)	(8,557)	(2,157)	(18,547)
Carrying amount:					
At 31 December 2021	302	5,293	5,157	2,867	13,619
At 31 December 2020	375	5,526	6,812	4,385	17,098

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 18(c) and Note 22, respectively.

13 Intangible assets

	Software RMB'000
Cost:	
At 1 January 2020	5,783
Purchased	2,547
At 31 December 2020	8,330
Purchased	21,838
At 31 December 2021	30,168
Accumulated amortisation:	
At 1 January 2020	(1,747)
Charge for the year	(784)
At 31 December 2020	(2,531)
Charge for the year	(2,799)
At 31 December 2021	(5,330)
Net book value:	
At 31 December 2021	24,838
At 31 December 2020	5,799

The amortisation charge for the year is included in "administrative expenses" amounted to RMB1,819,000 (2020: RMB64,000) and "cost of sales" amounted to RMB980,000 (2020: RMB144,000) in the consolidated statement of profit or loss and other comprehensive income.

14 Interests in subsidiaries

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Company name	Place of incorporation/ establishment and operation	Particulars of registered and paid-up capital	Proportion of ownership interest		Principal activities
			Held by the Company	Held by a subsidiary	
New Brilliance Development Limited	The BVI	–	100%		Investment holding
Golden Prosperity Development Limited	Hong Kong	–		100%	Investment holding
新希望物業服務集團有限公司 New Hope Property Service Group Co., Ltd. (Notes (i) and (ii))	The PRC	RMB53,304,900	–	100%	Property management
南寧匯商物業服務有限公司 Nanning Huishang Property Service Co., Ltd. (Notes (i) and (ii))	The PRC	RMB5,000,000	–	100%	Property management
瀋陽新希望物業服務有限公司 Shenyang New Hope Property Service Co., Ltd. (Notes (i) and (ii))	The PRC	RMB500,000	–	100%	Property management
大連新希望物業服務有限公司 Dalian New Hope Property Service Co., Ltd. (Notes (i) and (ii))	The PRC	RMB2,000,000	–	100%	Property management
雲南新希望物業服務有限公司 Yunnan New Hope Property Co., Ltd. (Notes (i) and (ii))	The PRC	RMB5,000,000	–	100%	Property management
蘇州鼎晟物業管理有限公司 Suzhou Dingsheng Property Management Co., Ltd. (Notes (i) and (ii))	The PRC	RMB1,000,000	–	100%	Property management
雲南大商匯商業發展有限公司 Yunnan Dashanghui Commercial Development Co., Ltd. (Notes (i) and (ii))	The PRC	RMB40,000,000	–	100%	Commercial Business management

Notes:

(i) These entities were registered as limited liability companies under the laws and regulations in the PRC.

(ii) The English translation of the names are for identification only. The official names of these entities are in Chinese.

15 Interest in an associate

Interest in an associate represented the Group's 20% equity interests in Chengdu Jinguan Xincheng Property Management Co., Ltd. (成都錦官新城物業管理有限責任公司), an unlisted corporate entity. At 31 December 2021 and 2020, the changes represent share of the associate's profit or loss under equity method less dividends received.

16 Prepayments, deposits and other receivables

	2021 RMB'000	2020 RMB'000
Deductible value-added tax	**11,933**	664
Prepayments	**11,743**	10,620
Receivables from tenants and staff	**11,272**	10,336
Deposits	**9,584**	7,211
Other receivables	**13,034**	9,977
Less: Allowance for other receivables	**1,056**	686
	56,510	38,122

17 Trade receivables

	2021 RMB'000	2020 RMB'000
Trade receivables from related companies	49,833	74,183
Trade receivables from external customers	144,071	90,715
Less: Allowance for trade receivables	4,619	1,795
	189,285	163,103

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables based on the date of revenue recognition and net of allowance for impairment of trade receivables is as follows:

	2021 RMB'000	2020 RMB'000
Within 1 year	183,241	161,196
1 to 2 years	4,342	1,362
2 to 3 years	1,321	427
3 to 4 years	381	118
	189,285	163,103

Trade receivables are due when the receivables are recognised. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 25(a).

(b) Impairment of trade receivables

The movements in the loss allowance in respect of trade receivables during the year are as follows:

	2021 RMB'000	2020 RMB'000
At 1 January	1,795	1,365
Expected credit loss recognised	2,824	430
At 31 December	4,619	1,795

18 Cash and cash equivalents and other cash flow information

(a) Cash and cash equivalents comprise:

	2021 RMB'000	2020 RMB'000
Cash at bank	1,105,296	111,324
Cash on hand	39	34
Deposits in other financial institutions	195	1,256
	1,105,530	112,614

(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	2021 RMB'000	2020 RMB'000
Profit before taxation		202,212	132,598
Adjustments for:			
Interest income	*6*	(8,850)	(42,525)
Interest expenses	*6*	3,978	44,779
Depreciation of property, plant and equipment	*12*	9,961	7,025
Amortisation of intangible assets	*13*	2,799	784
Valuation losses/(gains) on investment properties	*5*	9,261	(926)
Expected credit loss on financial assets		3,194	251
Net losses on disposal of property, plant and equipment	*5*	724	29
Gains on disposal of subsidiaries	*5*	–	(3,007)
Share of losses/(profits) of an associate		201	(499)
Listing expenses		24,317	7,561
Changes in working capital:			
Decrease/(increase) in inventories		32	(256)
Increase in trade receivables		(29,006)	(80,403)
Increase in other receivables		(22,818)	(6,866)
Increase in contract liabilities		34,066	69,243
Increase in trade and other payables		47,730	53,596
Cash generated from operations		277,801	181,384

18 Cash and cash equivalents and other cash flow information (continued)

(c) Reconciliation of liabilities arising from financing activities

The tables below detail changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities 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.

	Long-term borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2020	584,195	18,661	602,856
Changes from financing cash flows:			
Payments of long-term borrowings	(50,120)	–	(50,120)
Interest paid	(45,099)	–	(45,099)
Capital element of lease rentals paid	–	(7,448)	(7,448)
Interest element of lease rentals paid	–	(802)	(802)
Total changes from financing cash flows	(95,219)	(8,250)	(103,469)
Offsetting with receivables from related companies	(532,421)	–	(532,421)
Increase in lease liabilities from entering into new leases during the year	–	41,854	41,854
Interest expenses	43,445	1,334	44,779
At 31 December 2020 and 1 January 2021	**–**	**53,599**	**53,599**
Changes from financing cash flows:			
Capital element of lease rentals paid	**–**	**(11,051)**	**(11,051)**
Interest element of lease rentals paid	**–**	**(1,497)**	**(1,497)**
Total changes from financing cash flows	**–**	**(12,548)**	**(12,548)**
Increase in lease liabilities from entering into new leases during the year	**–**	**24,390**	**24,390**
Interest expenses	**–**	**3,387**	**3,387**
At 31 December 2021	**–**	**68,828**	**68,828**

19 Trade payables

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

	2021 RMB'000	2020 RMB'000
Within 1 year	66,183	42,707
1 to 2 years	4,714	152
2 to 3 years	102	80
Over 3 years	788	714
	71,787	43,653

20 Other payables and accruals

	2021 RMB'000	2020 RMB'000
Other taxes and charges payable	16,585	14,812
Accrued payroll and other benefits	16,522	23,065
Deposits	62,140	72,132
Receipts on behalf of residents/tenants	85,967	54,757
Other payables and accruals	5,389	7,409
	186,603	172,175

All the trade and other payables (including amounts due to related parties) are expected to be settled or are repayable on demand.

21 Contract liabilities

	2021 RMB'000	2020 RMB'000
Billings in advance of performance		
– Related companies	36,666	7,027
– External customers	159,106	154,679
	195,772	161,706

Movements in contract liabilities were as follows:

	2021 RMB'000	2020 RMB'000
Balance at 1 January	161,706	88,620
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year	(153,582)	(80,259)
Increase by cash received	187,648	153,345
Balance at 31 December	195,772	161,706

The Group received a deposit before rendering the services. This will give rise to contract liabilities at the start of a contract, until the revenue recognised on the project exceeds the amount of the deposit.

The amounts of contract liabilities expected to be recognised as income after more than one year are RMB3,033,687 as at 31 December 2021 (31 December 2020: RMB8,124,000).

22 Lease liabilities

At 31 December 2021, the lease liabilities were repayable as follows:

	2021 RMB'000	2020 RMB'000
Within 1 year	9,613	7,844
After 1 year but within 2 years	3,650	7,335
After 2 years but within 5 years	55,069	46,491
After 5 years	12,784	–
	81,116	61,670
Less: total future interest expenses	12,288	8,071
Present value of lease liabilities	68,828	53,599

23 Income tax in the consolidated statement of financial position

(a) Current taxation in the consolidated statement of financial position represents:

	2021 RMB'000	2020 RMB'000
PRC Corporate Income Tax		
At 1 January	12,174	4,604
Charged to profit or loss (Note 7)	26,762	23,756
Payments during the year	(41,586)	(16,186)
At 31 December	(2,650)	12,174

Reconciliation to the statements of financial position

	2021 RMB'000	2020 RMB'000
Income tax recoverable included in prepayments (Note 16)	2,650	–
Current taxation payable	–	12,174

23 Income tax in the consolidated statement of financial position (continued)

(b) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the reporting period are as follows:

Deferred tax arising from:	Credit loss allowance RMB'000	Revaluation of investment property RMB'000	Cumulative tax losses RMB'000	Retained profits to be distributed RMB'000	Total RMB'000
At 1 January 2020	(405)	(903)	(2,622)	–	(3,930)
(Credited)/charged to profit or loss	(246)	1,375	(2,057)	–	(928)
At 31 December 2020 and 1 January 2021	**(651)**	**472**	**(4,679)**	**–**	**(4,858)**
(Credited)/charged to profit or loss	**(215)**	**1,559**	**3,096**	**5,131**	**9,571**
At 31 December 2021	**(866)**	**2,031**	**(1,583)**	**5,131**	**4,713**

(ii) Reconciliation to the consolidated statement of financial position

	2021 RMB'000	2020 RMB'000
Net deferred tax asset recognised in the consolidated statement of financial position	**2,779**	7,386
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(7,492)**	(2,528)
	(4,713)	4,858

23 Income tax in the consolidated statement of financial position (continued)

(c) Deferred tax assets not recognised

	2021 RMB'000	2020 RMB'000
Unrecognised tax losses	6,188	2,134

In accordance with the accounting policy set out in Note 2(s), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB6,188,000 as of 31 December 2021 (31 December 2020: RMB2,134,000), 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.

Pursuant to the relevant laws and regulations in the PRC, the unrecognised tax losses at the end of the reporting period will expire in the following years:

	2021 RMB'000	2020 RMB'000
2022	–	356
2023	2	84
2024	2	285
2025	848	1,348
2026	5,336	–
	6,188	2,073

(d) Deferred tax liabilities not recognised

According to PRC corporate income tax laws and its implementation rules, dividends receivable by non-PRC corporate residents from PRC enterprises are subject to withholding tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008.

Except for deferred tax liabilities of RMB5,131,000 recognised, no further deferred tax liabilities were recognised as at 31 December 2021 in respect of the remaining distributable reserve and retained earnings as the Group controls the dividend policy of the subsidiaries and it has been determined that it is not probable that these profits will be distributed in the foreseeable future.

24 Capital, reserves, dividends and non-controlling interests

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below.

	Share capital RMB'000	Share premium RMB'000	Retained profits RMB'000	Total RMB'000
Balance at 22 January 2021 (incorporation date)	–	–	–	–
Changes in equity for 2021:				
Total comprehensive income for the period	–	–	5,567	5,567
Issue of shares	*	114,803	–	114,803
Capitalisation issue	4,968	(4,968)	–	–
Issue of ordinary shares upon initial public offering, net of issuing costs	1,773	640,201	–	641,974
Balance at 31 December 2021	6,741	750,036	5,567	762,344

* The balance represents an amount less than RMB1,000.

(b) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year:

	2021 RMB'000	2020 RMB'000
Final dividend proposed after the end of the reporting period of RMB7.1 cents (2020: nil) per ordinary share	**58,058**	–

The final dividend proposed for shareholders' approval after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) There were no dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year.

(iii) Dividend of RMB315,713,000 have been declared and paid by New Hope Property Service to the then shareholders during the year of 2020.

(Expressed in RMB unless otherwise indicated)

24 Capital, reserves, dividends and non-controlling interests (continued)

(c) Share capital

Authorised share capital

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 5 November 2020. As of the date of incorporation, the authorised share capital was HK$380,000 divided into 38,000,000 ordinary shares with par value of HK$0.01 each.

In accordance with the shareholders' resolution of the Company passed on 30 April 2021, the authorised share capital of the Company is increased from HK$380,000 to HK$25,000,000 divided into 2,500,000,000 shares with par value of HK$0.01 each.

Issued share capital

Ordinary shares, Issued and fully paid	*Note*	No. of shares	RMB
At 1 January 2021	*(i)*	100	1
Issuance of shares	*(i)*	9,900	83
Capitalisation issue	*(ii)*	599,990,000	4,967,557
Issuance of ordinary shares upon initial public offering	*(iii)*	200,000,000	1,655,880
Partial exercise of over-allotment option	*(iv)*	14,126,000	117,455
At 31 December 2021		814,126,000	6,740,976

(i) Issuance of shares

As of the date of incorporation, one share was issued and allotted to a shareholder of the Company. On the same date, the Company further issued and allotted 99 shares with par value of HK$0.01 each to a shareholder of the Company.

On 8 January 2021, 8,980 shares, 620 shares and 300 shares were issued and allotted to shareholders of the Company with par value of HK$0.01 each.

(ii) Capitalisation of shares

Pursuant to the resolutions of the shareholders passed on 30 April 2021, the directors were authorised to allot and issue a total of 599,990,000 shares, by way of capitalisation of the sum of HK$5,999,900 (equivalent to RMB4,968,000) standing to the credit of the share premium account of the Company, credited as fully paid to the shareholders as appearing on the register of members of the Company at the close of business on the business day immediately preceding the listing date in proportion to their respective shareholdings.

(iii) Issuance of ordinary shares upon initial public offering

On 25 May 2021, the Company issued 200,000,000 shares with par value of HK$0.01, at a price of HK$3.80 per share by initial public offering. Net proceeds from such issue amounted to HK$722,818,000 (equivalent to RMB598,450,000) out of which HK$2,000,000 (equivalent to RMB1,656,000) and HK$720,818,000 (equivalent to RMB596,794,000) were recorded in share capital and share premium respectively.

24 Capital, reserves, dividends and non-controlling interests (continued)

(c) Share capital (continued)

(iv) Partial exercise of over-allotment option

On 21 June 2021, pursuant to the partial exercise of the over-allotment option, the Company allotted and issued 14,126,000 shares with par value of HK$0.01, at a price of HK$3.80 per share. Net proceeds from such issue amounted to HK$52,345,000 (equivalent to RMB43,524,000) out of which HK$141,000 (equivalent to RMB117,000) and HK$52,204,000 (equivalent to RMB43,407,000) were recorded in share capital and share premium respectively.

(d) Nature and purpose of reserves

(i) Share premium

Share premium represents the difference between the consideration and the par value of the issued and paid up shares of the Company.

(ii) Capital reserve

Capital reserve balance represents:

- the aggregate amount of the paid-in capital, capital premium and other capital reserves of the Company at the respective dates; and
- cash consideration received from related management personnel for subscription of the incentive shares in previous years.

(iii) Statutory surplus reserve

Pursuant to the relevant laws in the PRC, each of the subsidiaries established in the PRC is required to allocate 10% of its profit after tax to the statutory reserves fund until such fund reaches 50% of the subsidiaries' registered capital. The statutory reserves fund can be utilized, upon approval by the relevant authorities, to offset accumulated losses or to increase registered capital of the subsidiaries, provided that such fund is maintained at a minimum of 25% of the subsidiaries' registered capital.

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost. The Group's overall strategy remains unchanged throughout the Reporting period.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

25 Financial risk management of financial instruments

Exposure to credit, liquidity and interest rate risks arise in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to cash at bank, trade receivables, deposits and other receivables, and amounts due from related parties. The Group's exposure to credit risk arising from cash and cash equivalents are limited because the counterparties are banks and financial institutions with a high credit standing assigned by the management of the Group, to which the Group considers to have low credit risk. The Group's exposure to credit risk arising from refundable rental deposits is considered to be low, taking into account the landlords' credit rating and the remaining lease term and the period covered by the rental deposits.

In respect of amounts due from related parties, amounts due from tenants and staff, deposits and other receivables included in prepayments, deposits and other receivables, the Group has assessed that the expected credit loss rate for these receivables is immaterial under 12 months expected losses method based on historical settlement records and looking-forward information.

In respect of trade receivables, the Group measures loss allowances at an amount equal to lifetime ECLs based on historical settlement records and forward-looking information. Except for disclosed in Note 4, the Group has a large number of customers and there was no concentration of credit risk. In addition, the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The Group considers that a default event occurs when there is significant decrease in services fee collection rate and estimates the expected credit loss rate for the Reporting period. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix.

25 Financial risk management of financial instruments (continued)

(a) Credit risk (continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables due from third parties as at 31 December 2020 and 2021.

	At 31 December 2021		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
within 1 year	**0.76%**	**187,108**	**(1,425)**
1-2 years	**32.73%**	**4,342**	**(1,421)**
2-3 years	**57.81%**	**1,321**	**(763)**
3 to 4 years	**81.82%**	**681**	**(558)**
over 4 years	**100%**	**452**	**(452)**
		193,904	**(4,619)**

	At 31 December 2020		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
within 1 year	0.43%	161,893	(697)
1-2 years	14.21%	1,588	(226)
2-3 years	38.07%	689	(262)
3 to 4 years	73.88%	452	(334)
over 4 years	100.00%	276	(276)
		164,898	(1,795)

Expected loss rates are based on actual loss experience over the past 2 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

25 Financial risk management of financial instruments (continued)

(b) Liquidity risk (continued)

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

	At 31 December 2021					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Trade payables	71,787	–	–	–	71,787	71,787
Other payables and accruals	186,603	–	–	–	186,603	186,603
Lease liabilities	9,613	3,650	55,069	12,784	81,116	68,828
Due to related companies	6,126	–	–	–	6,126	6,126
	274,129	3,650	55,069	12,784	345,632	333,344

	At 31 December 2020					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Trade payables	43,653	–	–	–	43,653	43,653
Other payables and accruals	172,175	–	–	–	172,175	172,175
Lease liabilities	7,844	7,335	46,491	–	61,670	53,599
Due to related companies	43	–	–	–	43	43
	223,715	7,335	46,491	–	277,541	269,470

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is not subject to significant interest rate risk during the reporting periods.

(d) Currency risk

The Group's PRC subsidiaries' functional currency is RMB and their businesses are principally conducted in RMB. The Group considers the currency risk to be insignificant.

26 Contingent assets and liabilities

The Group did not have any material contingent liabilities as at 31 December 2021 (31 December 2020:nil).

27 Material related party transactions

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

	2021 RMB'000	2020 RMB'000
Short-term employee benefits	6,129	5,094
Post-employment benefits	61	72
	6,190	5,166

Total remuneration is included in "staff costs" (see Note 6(b)).

(b) Significant related party transactions

The principal transactions which were carried out in the ordinary course of business are as follows:

Nature of related party	2021 RMB'000	2020 RMB'000
Provision of property management services and other services		
– Companies controlled by the Ultimate Owners	192,759	194,383
– Associate of companies controlled by the Ultimate Owners	93,962	47,989
Purchase of goods and receiving services and cost sharing		
– Companies controlled by the Ultimate Owners	5,334	15,045
Purchase of properties		
– Companies controlled by the Ultimate Owners	12,189	3,023
Interest income		
– Companies controlled by the Ultimate Owners	6	42,501
Disposal of assets	–	13,039
Offsetting with receivables		
– Companies controlled by the Ultimate Owners	–	776,258

27 Material related party transactions (continued)

(c) Balances with related parties

The outstanding balances arising from above transactions in the consolidated statement of financial position are as follows:

	2021 RMB'000	2020 RMB'000
Amounts due from related companies		
– Companies controlled by the Ultimate Owners	–	173,402
Trade receivables		
– Companies controlled by the Ultimate Owners	49,833	74,183
Trade payables		
– Companies controlled by the Ultimate Owners	1,436	1,806
Contract liabilities		
– Companies controlled by the Ultimate Owners	36,666	7,027
Amounts due to related companies		
– Companies controlled by the Ultimate Owners	6,126	43

Amounts due from/to related parties as at 31 December 2021 are all trade nature, unsecured and interest-free.

(d) Applicability of the Listing Rules relating to connected transactions

Certain related party transactions in respect of Note 27(b) and Note 27(c) above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section "Connected Transactions" of the Directors' Report.

28 Company-level statement of financial position

	Note	**2021 RMB'000**	2020 RMB'000
Non-current assets			
Interests in subsidiaries		114,803	*
Total non-current assets		114,803	*
Current assets			
Due from subsidiaries		640,181	–
Cash and cash equivalents		7,360	–
Total current assets		647,541	–
NET ASSETS		762,344	*
CAPITAL AND RESERVES			
Share capital	*24(c)*	6,741	*
Reserves		755,603	–
TOTAL EQUITY		762,344	*

* The balance represents an amount less than RMB1,000.

Approved and authorised for issue by the board of directors on 21 March 2022.

Wu Min
Director

Chen Jing
Director

(Expressed in RMB unless otherwise indicated)

29 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year beginning 1 January 2021

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, and a new standard, IFRS 17, Insurance contracts, which are not yet effective for the year beginning 1 January 2021 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 3, *Reference to the conceptual framework*	1 January 2022
Amendments to IAS 16, *Property, plant and equipment: Proceeds before intended use*	1 January 2022
Amendments to IAS 37, Onerous contracts – *cost of fulfilling a contract*	1 January 2022
Annual improvements to IFRSs 2018-2020 cycle	1 January 2022
Amendments to IAS 1, *Classification of liabilities as current or non-current*	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2, *Disclosure of accounting policies*	1 January 2023
Amendments to IAS 8, *Definition of accounting estimates*	1 January 2023
Amendments to IAS 12, *Deferred tax related to assets and liabilities arising from a single transaction*	1 January 2023

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial
Statements.

30 Non-adjusting events after the reporting period

On 21 March 2022, the directors of the Company proposed a final dividend. Further details are disclosed in Note 24(b).

31 Immediate parent and ultimate parent

At 31 December 2021, the directors consider the immediate parent of the Group to be Golden Rose Developments Limited, which is incorporated in British Virgin Islands ("BVI") and ultimate parent of the Group to be Medea Investments Limited, which is incorporated in BVI. This entity does not produce financial statements available for public use.

Financial Summary

	Consolidated results			
	2018 RMB'000	2019 RMB'000	2020 RMB'000	**2021** **RMB'000**
Revenue	257,964	380,543	588,263	**924,970**
Gross profit	109,929	159,504	247,372	**376,690**
Gross profit margin	42.6%	41.9%	42.1%	**40.7%**
Profit before taxation	51,785	77,157	132,598	**202,212**
Income tax expense	10,691	13,224	22,828	**36,333**
Profit for the year	41,094	63,933	109,770	**165,879**

	Consolidated financial position			
	2018 RMB'000	2019 RMB'000	2020 RMB'000	**2021** **RMB'000**
Non-current assets	43,120	55,191	103,636	**139,375**
Current assets	536,879	1,262,635	487,540	**1,351,592**
Current liabilities	194,735	372,337	396,996	**468,760**
Net current assets	342,144	890,298	90,544	**882,832**
Total assets less current liabilities	385,264	945,489	194,180	**1,022,207**
Non-current liabilities	16,516	522,255	48,882	**67,848**
Total equity of the Company	368,748	423,234	145,298	**954,359**