新 希 望 服 务 SERVICE

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
2022

CONTENT

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ms. Wu Min *(Co-chairman)*
(appointed as the co-chairman on 22 March 2023)
Ms. Chen Jing

Non-executive Directors

Mr. Jiang Mengjun *(Chairman)*
(appointed as the chairman on 22 March 2023)
Mr. Dong Li
Mr. Liu Xu *(appointed on 22 March 2023)*
Ms. Zhang Wei *(appointed on 22 March 2023)*
Ms. Huang Kun *(resigned on 22 March 2023)*
Mr. Zhang Minggui
(resigned on 22 March 2023)

Independent Non-executive Directors

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

AUDIT COMMITTEE

Mr. Kong Chi Mo *(Chairman)*
Mr. Li Zhengguo
Mr. Yan Lap Kei Issac
(passed away on 16 February 2022)
Mr. Liu Xu *(appointed on 22 March 2023)*
Mr. Jiang Mengjun *(resigned on 22 March 2023)*

REMUNERATION COMMITTEE

Mr. Cao Qilin *(Chairman)*
Mr. Li Zhengguo
Ms. Wu Min *(appointed on 22 March 2023)*
Ms. Huang Kun *(resigned on 22 March 2023)*

NOMINATION COMMITTEE

Mr. Jiang Mengjun *(Chairman)*
(appointed on 22 March 2023)
Mr. Li Zhengguo
Mr. Cao Qilin
Mr. Zhang Minggui
(resigned on 22 March 2023)

JOINT COMPANY SECRETARIES

Mr. Li Hongjia *(appointed on 22 March 2023)*
Mr. Lau Kwok Yin
Ms. Zhao Xiaoxing *(resigned on 22 March 2023)*

HONG KONG LEGAL ADVISOR

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

AUTHORISED 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
Wanchai
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

Corporate Information

HONG KONG SHARE REGISTRAR

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Wanchai
Hong Kong

COMPLIANCE ADVISOR

Orient Capital (Hong Kong) Limited
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100 Queen's Road Central
Central
Hong Kong

AUDITOR

KPMG
Certified Public Accountants
Public Interest Entity Auditor registered
in accordance with the Accounting
and Financial Reporting Council Ordinance
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10 Chater Road
Central
Hong Kong

PRINCIPAL BANK

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

REGISTERED OFFICE

71 Fort Street, PO Box 500
George Town, Grand Cayman, KY1-1106
Cayman Islands

PRINCIPAL PLACE OF BUSINESS AND HEADQUARTERS IN CHINA

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New Hope Zhongding International
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Chengdu, Sichuan
China

STOCK CODE

3658

COMPANY'S WEBSITE

newhopeservice.com.cn

Chairman's Statements

High Quality and Stability for the Future

Dear Shareholders:

I would like to present the Group's annual results announcement for the year 2022 on behalf of the Board of Directors.

The year 2022 was difficult and extraordinary, as the property sector was under pressure throughout the year due to the difficulties in the real estate industry, the resurgence of the epidemic had an impact on business development, service costs and return of capital, and valuations continued to be low, resulting in the Hang Seng Property Service and Management Index experiencing the lowest value ever recorded.

Stable growth in results despite headwinds

Despite the challenges, we still made a breakthrough and achieved high quality development in the face of adversity. During the Year, our operating revenue and net profit both increased by 23.1% and 8.8% respectively compared to last year, while maintaining a high cash dividend rate of 50% of net profit attributable to shareholders, a steady increase in core results and a positive operating net cash flow for three consecutive years.

Raise Independence and Expand Market

We adhered to the strategy of regional expansion, continue to make placement in high-level cities, and achieve an increase of 46.5% from 17.8% compared with last year in the proportion of independent third parties through market-oriented expansion and mergers and acquisitions. Among them, we acquired Mingyu Commercial Services in April 2022, as the first acquisition since listing, which is not only in line with the Group's regional expansion strategy, but also of great significance for the subsequent improvement of management density in the southwest region, as well as the formation of synergy in commercial office buildings and hotel backline business. At the same time, we also provided services for high-quality projects such as Chengdu Huancheng Ecological Zone, Kunming Sub-branch of Yunnan Branch of Bank of China and 71 outlets, promoting the further expansion of service scope and business formats, and significantly improving the Company's independence.

Refined Service with Word of Mouth First

In terms of the basic service, we implemented actions such as Green Landscape Action and Housing Inspection Service to continuously enhance customer loyalty, and obtained outstanding results of 90 points for customer satisfaction during the running-in period and 98% for project contract renewal rate. In terms of life services, we developed solid service quality and gradually formed a moat of the Group's differentiated capabilities. The retail customization business exceeded 71,000 orders throughout the year, and the group catering service focused on medical track industry chain, making a group catering operation service provider in the Sichuan region, with longer penetration, more complete service scene, and more radiation levels. The format of centralized procurement and rental and sales has been steadily advanced. In terms of the commercial operation, the four major product lines, with equal emphasis on stock and increment, achieved continuous increase in occupancy rate and high collection rate.

Consolidate Organizational Construction and Improve Efficiency Through Digitization.

Employees are the wealth of the company. We attached great importance to the establishment of cultural identity, and gained an increase in employee engagement against the trend. The internal promotion rate of cadres reached 52.2%. In addition, digital empowerment also promoted the improvement of performance indicators and the reduction of management costs, providing a basis for more scientific decision-making.

A good reputation is the cornerstone of our business development. Our high-quality development and service have been continuously recognized by the industry and customers. During the year, we received multiple awards including "2022 Property Management Companies for Superior Service Capabilities in China (2022年中國物企超級服務力)" and "2022 Property Management Companies in China in terms of Overall Strength (2022中國物業企業綜合實力)" by EH Consulting (億翰智庫), ranking 20th (rising 14 places from last year) and 25th (rising 9 places from last year), respectively.

PROSPECTS

Pursue Quality Development with Quality Services

With the optimization and adjustment of epidemic prevention and control, and a series of favorable policies released for the real estate market, the property industry is returning to rationality, and more property management companies have shifted development goal from scale-guided expansion to quality-guided growth. We also have a clearer understanding that by concentrating on property management service to achieve high collection ratio, high renewal ratio and high satisfaction with outstanding service capabilities is the key to long-term development. In this regard, we will continue to strengthen services capabilities, stick to services quality, insist on effective market expansion while paying attention to good M&A targets, and continue our strategy of scale expansion of high quality.

Connect to Industries to Serve Lifestyle

In recent years, the national policies have emphasized the lifestyle attribute of the industry, and also provided diversified and standardized development guidelines for property management enterprises, of which giving residents have a happy experience will serve as a starting point and foothold of property services. For enterprises, exploring and continuously refining the differentiated service system based on the core advantages of enterprises and their own resource will be the necessary option for their second development momentum against the backdrop of the completion of the basic service framework. In this regard, we will also further joint hands with New Hope Group to explore the brand and product advantages of food, FMCG and other sectors, deepen the cooperation with New Hope Liuhe, New Hope Dairy and Grass Green Group in respect of such sectors, and provide comprehensive solutions with market competitiveness such as "property + group meal, property + retail, property + centralized purchase", so as to serve residents with lifestyle services.

Plow Profoundly in Livable Chengdu

Chengdu is a national central city and the core city of Chengdu Chongqing economic circle. As of 2022, Chengdu has a permanent resident population of over 21 million, and a property management market stock of over 630 million square meters, with broad prospects for development. New Hope Group, as a Global 500 enterprise based in Chengdu, has not only been a well-known brand but also as its subsidiary, become one of the few local group enterprises equipped with services capacities of "property + commercial + group meal". In the future, we will make full use of the development opportunity posed by Chengdu's new-type urbanization, focus on the greater Chengdu market, explore in the city, give full play to core resources, optimize New Hope Group's brand influence in Chengdu region, and drive high quality development across all of our business segments, making Chengdu livable, and offering new services for people's livelihood.

With high quality, it expanded significantly towards a brighter future. In the past, we have withstood severe tests and achieved high-quality development. In the future, we will maintain our strategic focus, rationally respond to external force majeure, and continue to create value for customers, society and investors.

Management Discussion and Analysis

BUSINESS REVIEW

Overview

As a company that values sustainable development, New Hope Service further improved its service quality by leveraging continuously optimised service system, and managed steady and sound development amid the increasingly competitive property management industry with an ever-improving customer reputation. As at 31 December 2022, the Company was awarded "2022 Property Management Companies for Superior Service Capabilities in China (2022 年中國物企超級服務力)" and "2022 Property Management Companies in China in terms of Overall Strength (2022 中國物業企業綜合實力)" by EH Consulting and Jiahe Jiaye (億翰智庫•嘉和家業), ranking 20th (rising 14 places from last year) and 25th (rising 9 places from last year), respectively. Moreover, the Company won TOP 30 out of "2022 TOP 100 Property Management Companies in China (2022 中國物業服務百強企業)" from Beijing China Index Academy and ranked 15th out of "2022 Listed Property Management Companies with Outstanding Financial Performance (2022 物業服務上市企業卓越財務表現)" awarded by the Guandian Index Academy.

Looking back at 2022, it was a hard-won as China's economy remained resilience, assailed by the increasingly triple pressure from shrinking demand, supply shock and weakening expectations resulted from sharper-than-expected internal and external factors such as the persistent COVID-19 pandemic, the Russia-Ukraine conflict and the downside cycle of the real estate sector. Amid the collision between strong expectations and weakening reality, New Hope Service, with the strong support of New Hope Group Co., Ltd.* and its subsidiaries (the "**New Hope Group**"), continued to concentrate efforts in its advantageous regions, highlighted services quality and implemented various measures while seeking steady progress, achieving high quality growth in its key performance. During the Reporting Period, the Group recorded revenue of approximately RMB1,139.0 million, representing an increase of 23.1% as compared to the same period last year. It achieved a net profit attributable to the equity shareholders of the Company of RMB203.0 million, representing an increase of 8.8% from RMB186.6 million (excluding one-off listing expenses) for the same period last year. The Group continued to optimise its operational management and maintained a relatively high net profit margin, recording a net profit margin attributable to shareholders of 17.8% during the Reporting Period. At the same time, the Group reduced costs and increased efficiency through digital technology and built a digital operation system with market competitiveness and operational analysis capabilities, further reducing management fee rate and achieving a management fee rate of 13.9% during the Reporting Period, a decrease of 2.1% as compared to the same period last year (excluding one-off listing expenses).

The Group, focusing on its key advantageous regions, continuously strengthened and intensified its efforts in expanding to the Southwestern China region, with Chengdu-Chongqing metropolitan area as the core, and high-tier cities in the Eastern China region, achieving sustainable growth in management scale. As at 31 December 2022, the Group had projects in 33 cities in 14 provinces, autonomous regions and municipalities across China, with the gross floor area (the "**GFA**") under management of 28,826,000 square metres (the "sq.m."), representing an increase of 77.8% as compared to that for the same period last year, and contracted GFA of 36,149,000 sq.m., representing an increase of 37.0% as compared to that for the same period last year. Among them, the GFA under management by the Group in the Southwest China region was 15,943,000 sq.m. (representing an increase of 98.3% as compared to that for last year), accounting for 55.3% of the total GFA under management, while the GFA under management in the Eastern China region was 9,212,000 sq.m. (representing an increase of 59.2% as compared to that for last year), accounting for 32.0% of the total GFA under management. The Group continued to strengthen its market expansion capabilities, with customer structure constantly improved and a record high proportion of the GFA from independent third parties to the total GFA, further enhancing its independence. During the Reporting Period, the GFA under management from independent third-party developers accounted for 46.5% of the total GFA under management, representing an increase of 188.5% as compared to that for the same period last year. The GFA under management from New Hope Wuxin Industrial Group Co., Ltd.* ("**New Hope Wuxin Industrial**") (新希望五新實業集團有限公司) (together with its subsidiaries, associates and joint ventures "**New Hope Wuxin Industrial Group**") (formerly known as Sichuan New Hope Property Development Co., Ltd.* (四川新希望房地產開發有限公司)) accounted for 52.2% of the total GFA under management, representing a decrease of 17.5 percentage points as compared to that for the same period last year. Based on the strategy of deepening regional development and sticking to maintain the quality of its external projects, the Group recorded the average management fee per sq.m. of RMB3.04 during the Reporting Period.

Business Model of the Group

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

Property Management Services

Continuous High Quality Growth in Management Size

The property management services is the basic and core business of the Group. Focusing on the corporate vision of "Happiness, make it everyday", the Group expanded the services across the nation while rooting in Chengdu with the GFA under management reached a record high. The table below sets forth a breakdown of the growth in total GFA under management and contracted GFA of the Group:

	As at 31 December 2022	As at 31 December 2021	Growth rate
Number of properties under management	**191**	104	83.7%
Number of properties the Group was contracted to manage	**235**	160	46.9%
GFA under management *(0'000 sq.m.)*	**2,882.6**	1,620.9	77.8%
Contracted GFA *(0'000 sq.m.)*	**3,614.9**	2,638.0	37.0%

Among the newly contracted GFA of the Group in 2022, the GFA obtained from independent third parties through market-oriented expansion is more than those obtained from New Hope Wuxin Industrial Group, while the former were translated into the GFA under management of the Group immediately after entering into engagement. Given the above, the growth of the Group's contracted GFA is lower than that of the GFA under management.

Adhering to the Strategy of Regional Cultivation

The Group focused on areas where it enjoys core competitiveness and increased efforts spent in Southwestern China region in particular Chengdu-Chongqing urban agglomeration, and Eastern China region for constant growth. As at 31 December 2022, the aggregate GFA under management of the Group in Southwestern China region and Eastern China region accounted for 87.3% of the total GFA under management, representing an increase of 2% over the previous year, of which the GFA under management in Southwestern China region increased by 98.3% year on year over the previous year, mainly attributable to (i) the Group completed the acquisition of Chengdu Mingyu Global Business Management Co., Ltd.* (成都明宇環球商業管理有限公司) ("**Chengdu Mingyu**") on 11 April 2022; (ii) the Group determined the strategy of regional cultivation, resulting the newly added GFA under management in Chengdu-Chongqing urban agglomeration accounting for 45.7% of the total for the Reporting Period, representing a year-on-year increase of 127.2%. The table below sets forth a breakdown and growth rate of our total GFA under management by region as of the dates indicated:

	As at 31 December 2022		As at 31 December 2021		
Region distribution	**GFA under management (0'000 sq.m.)**	**Percentage**	GFA under management (0'000 sq.m.)	Percentage	Growth rate
Southwestern China region	**1,594.3**	**55.3%**	803.8	49.6%	98.3%
Eastern China region	**921.2**	**32.0%**	578.5	35.7%	59.2%
Southern China region	**199.7**	**6.9%**	172.5	10.6%	15.8%
Northern China region	**131.0**	**4.5%**	66.1	4.1%	98.2%
Central China region	**36.4**	**1.3%**	/	/	/
Total	**2,882.6**	**100.0%**	1,620.9	100.0%	77.8%

Management Discussion and Analysis

Increasing Independence

During the Reporting Period, the Group expanded market through multiple channels such as mergers and acquisitions, bidding, strategic cooperation and establishing joint ventures, thereby, the Group further improved its capabilities in market expansion and independence. The GFA under management from independent third-party developers of the Group was 13.4 million sq.m. as at 31 December 2022, accounting for 46.5% of the total GFA under management and representing an increase of 188.5% over the same period last year. Meanwhile, the newly obtained GFA under management of the Group from independent third parties accounted for approximately 69.4% of the total newly obtained GFA under management. The following table sets out the details of the growth in GFA under management of property management projects acquired by the Group through market expansion:

GFA under management from independent third-party developers	As at 31 December 2022 GFA	As at 31 December 2022 Percentage	As at 31 December 2021 GFA	As at 31 December 2021 Percentage	Growth rate
Market expansion	**1,017.5**	**75.9%**	464.8	100%	118.9%
Mergers and acquisitions	**323.3**	**24.1%**	–	–	N/A
Total	**1,340.8**	**100%**	464.8	100%	188.5%

Meanwhile, the Group has a long and close business relationship with New Hope Group. The rapid growth of business development of New Hope Group, especially the steady growth of New Hope Wuxin Industrial, guaranteed the sustainable development of the Group in terms of GFA under management and generated huge potential market for the Group's value-added services and technology application businesses. During the Reporting Period, among the newly obtained GFA under management of the Group, there was over 3.5 million sq.m. from New Hope Wuxin Industrial and its associates and joint ventures, accounting for approximately 30% of the total obtained GFA under management of the Group. The table below sets forth a breakdown of GFA under management and revenue of the Group by type of property developer:

Type of property developer	As at 31 December 2022 GFA under management (sq.m. 0'000)	%	Revenue (RMB'000)	%	As at 31 December 2021 GFA under management (sq.m. 0'000)	%	Revenue (RMB'000)	%
New Hope Wuxin Industrial[1]	**1,092.2**	**37.9**	**233,781**	**47.8**	856.5	52.8	209,794	66.1
Joint ventures or associates of New Hope Wuxin Industrial Group[2]	**412.8**	**14.3**	**53,035**	**10.9**	273.5	16.9	47,633	15.0
Associates of our ultimate controlling shareholders[3]	**36.8**	**1.3**	**25,393**	**5.2**	26.1	1.6	18,298	5.8
Independent third parties	**1,340.8**	**46.5**	**176,068**	**36.1**	464.8	28.7	41,530	13.1
Total	**2,882.6**	**100.0**	**488,277**	**100.0**	1,620.9	100.0	317,255	100.0

Notes:

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

(2) Refer to properties developed by joint ventures or associates of New Hope Wuxin Industrial Group (New Hope Wuxin Industrial Group does not hold a controlling interest in these properties).

(3) 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).

Management Discussion and Analysis

Focused on first-tier, new first-tier and second-tier cities

As at 31 December 2022, the property projects served by the Group had covered 14 provinces, autonomous regions and municipalities in China, with focus on deployment and development of high-tier-ranking cities. During the Reporting Period, GFA under management of the Group located in first-tier, new first-tier and second-tier cities in China accounted for over 90% of its total GFA under management. 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:

	As at 31 December 2022				As at 31 December 2021			
Tier of city	**Number of projects**	**GFA under management (sq.m. 0'000)**	**Revenue (RMB'000)**	**%**	Number of projects	GFA under management (sq.m. 0'000)	Revenue (RMB'000)	%
First-tier cities[1]	5	23.1	11,083	2.3	3	14.7	8,312	2.6
New first-tier cities[2]	87	1,253.0	211,393	43.3	50	704.8	144,280	45.5
Second-tier cities[3]	80	1,319.7	235,427	48.2	47	793.5	161,948	51.0
Others	19	286.8	30,374	6.2	4	107.9	2,715	0.9
Total	191	2,882.6	488,277	100.0	104	1,620.9	317,255	100.0

Notes:

(1) First-tier cities in which we provide property management services include 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) Others in which we provide property management services include Liuzhou.

More optimized format structure

From the perspective of the GFA under management of each property business, while continuing to expand the residential business, New Hope Service also actively stepped into the non-residential business by improving service quality in the non-residential business and continuously promoting the diversification of property management service types, and covered residential, schools, hospitals, financial institutions, commercial complexes, office buildings, government facilities, industrial parks, park venues, transportation facilities, staff passages of hotels, property sales venues, mixed-use property and other diversified formats. During the Reporting Period, the Group's GFA under management in residential business amounted to 18.3 million sq.m., accounting for 63.5% of the total; the GFA under management in non-residential business amounted to 10.5 million sq.m., accounting for 36.5% of the total, representing a year-on-year increase of 3.7%. The revenue from non-residential business increased by 27.8% year on year to RMB213.1 million.

	As at 31 December 2022				As at 31 December 2021			
Format type	**GFA under management (sq.m. 0'000)**	**%**	**Revenue (RMB'000)**	**%**	GFA under management (sq.m. 0'000)	%	Revenue (RMB'000)	%
Residential	1,831.1	63.5	275,209	56.4	1,089.5	67.2	150,556	47.5
Non-residential								
– Commercial properties	545.5	18.9	165,614	33.9	363.9	22.5	81,635	25.7
– Other types of non-residential properties	506.0	17.6	47,454	9.7	167.5	10.3	85,064	26.8
Total	2,882.6	100	488,277	100	1,620.9	100	317,255	100

Management Discussion and Analysis

Lifestyle services

Relying on the industrial background of New Hope Group, New Hope Service, with its own customer access attributes, connected various business segments of New Hope Group through its lifestyle services business. Lifestyle services are an important source of revenue for the Group. The Group's lifestyle services comprise (i) community living services; (ii) community asset management services, including carpark related services and property agency services; and (iii) online and offline retail services and catering services. During the Reporting Period, the Group achieved revenue of RMB303.3 million from the lifestyle services segment, representing an increase of 19.6% over last year. Community living services and community asset management services declined slightly year-on-year due to the downside cycle of real estate and the domestic pandemic control policy. However, the Group achieved revenue of RMB106.3 million from online and offline retail services and catering services, representing a year-on-year increase of 110.3%, by leveraging on the good market reputation of New Hope Group and the advantage of focusing on C – and B-end customers. The following table sets forth a breakdown of our revenue from lifestyle services:

	As at 31 December 2022		As at 31 December 2021		
	Revenue (RMB'000)	**Percentage**	Revenue (RMB'000)	Percentage	Growth rate %
Community living services	**156,661**	**51.7%**	160,063	63.2%	-2.1
Community asset management services	**40,281**	**13.3%**	42,910	16.9%	-6.1
Online and offline retail services and catering services	**106,342**	**35.0%**	50,573	19.9%	110.3
Total	**303,284**	**100.0%**	253,546	100.0%	19.6

Steady growth of non-cyclical businesses

During the Reporting Period, the growth in the lifestyle services segment was mainly attributable to the steady growth of non-cyclical businesses, in which the group meal business and online and offline retail services boosted the lifestyle services significantly with a significant increase in revenue.

Online and offline retail services

Backed by the Fortune Global 500 New Hope Group and based on its advantages in supply chain, brand name and product categories, the Group deeply integrated its products from various segments with New Hope Service according to the needs of residents for "food, housing, transportation, travel and shopping" under the framework of its supply chain system and food safety system. Through the Hope Cloud online platform and various offline community consumption scenarios, the Group was able to increase the penetration and repeat purchase rate of New Hope products for C – and B-end customers. During the Reporting Period, the number of our new retail SKUs exceeded 2,000, of which 60% were products of New Hope Group, mainly including meat, egg and milk products with high repurchase rates from New Hope Liuhe, New Hope Dairy and Grass Green Group, which are needed by residents, as well as hot pot bases and condiments with Chengdu's characteristics. By increasing the share of New Hope Group products in our new retail business, the Group can effectively leverage the brand advantages of New Hope Group to achieve higher profit margins for the Group.

Catering services

The Group built up a new foodism team to engage in the group meal business in 2020. After three years of development, new foodism has grown from 3 projects in 2020 to 14 projects by the end of 2022, covering medical institutions, schools, offices, large corporate parks, etc. As for this business, the Group provided a full range of services including "full-commissioning services, labor services, meal preparation services and ingredient delivery services", providing customers with "property + group meal" integrated logistic services.

Centralized supply chain

On 24 May 2022, the Group and New Hope Holdings Group Co., Ltd.* (新希望控股集團有限公司) entered into a centralized supply chain service framework agreement and provided New Hope Holdings and its subsidiaries and associates with centralized supply chain services. Based on this, the Group transformed its supply chain business digitally from traditional procurement business to "supply chain + internet platform services" and from "agency purchase" to "services", so as to reduce costs and enhance efficiency. The Group also successfully launched the centralized procurement mall on 30 September 2022 and completed the coverage of major segments of New Hope Group (460 companies in total) in the fourth quarter.

Community living services

Due to the domestic COVID-19 pandemic, community living services were promoted in a difficult situation in 2022. Facing unexpected resurgence of COVID-19 pandemic, the Group has proactively responded to market changes by upgrading the management model and enhancing our business management density, so as to effectively reduce the impact of pandemic lockdown and control measures on the Group's business. In the meantime, we continued to extend the service boundaries of community space business through integrating the online and offline resources of communities (including bazaar activities, marketing activities, advertising, etc.) except for the lockdown period. During the Reporting Period, the Group recorded revenue of RMB156.7 million from community living services, representing a slight decrease of 2.1% as compared to the same period last year.

Commercial operational services

Amid the downturn cycle of the real estate industry, the increment in the industry slowed down. The ever-changing market has urged us to take the initiative in iteratively upgrading the product planning and design, upgrading scenes and consumer experience and improving our operational strength. The Group provides commercial operational services to commercial properties, covering specialty markets, commercial blocks, industrial parks, office buildings and other consumption scenarios, with service contents mainly including market research and positioning and tenant sourcing services, commercial operational services and commercial properties leasing. In 2022, the Group managed 13 commercial projects in 6 cities across the country. Due to the impact of domestic dynamic zero-COVID policy and high temperature in southwestern China region in 2022, during the Reporting Period, the revenue of commercial operation segment amounted to RMB118.1 million, representing a decrease of 1.9% 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:

	As at 31 December 2022		As at 31 December 2021		
	Revenue (RMB'000)	**Percentage**	Revenue (RMB'000)	Percentage	Growth rate
Commercial management service income	**95,501**	**80.9%**	85,979	71.4%	11.1%
Rental income	**20,387**	**17.3%**	20,623	17.2%	-1.1%
Market research and positioning and opening preparation services	**2,170**	**1.8%**	13,776	11.4%	-84.2%
Total	**118,058**	**100.0%**	120,378	100.0%	-1.9%

Management Discussion and Analysis

Value-added services to non-property owners

We also provide a series of value-added services to non-property owners, mainly for development projects of New Hope Wuxin Industrial. Our value-added services to non-property owners include (i) sales office 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. Affected by the downturn cycle of the real estate industry, during the Reporting Period, the Group's revenue from value-added services to non-property owners amounted to RMB229.3 million, decreased by 1.9% compared with the same period of last year. Meanwhile, thanks to the continuous optimization of the Group's revenue structure, the percentage of value-added services to non-property owners in the total revenue of the Group decreased by 5.1% compared with the same period of last year, which further enhanced the Group's independence. The following table sets forth a breakdown of our revenue from value-added services to non-property owners during the periods indicated:

	As at 31 December 2022		As at 31 December 2021		
	Revenue (RMB'000)	**Percentage**	Revenue (RMB'000)	Percentage	Growth rate
On-site management services	**94,926**	**41.4%**	112,979	48.3%	-16.0%
Preliminary planning and design consultation, pre-delivery and repair and maintenance services	**100,939**	**44.0%**	88,036	37.7%	14.7%
Other services	**33,405**	**14.6%**	32,776	14.0%	1.9%
Total	**229,270**	**100.0%**	233,791	100.0%	-1.9%

FINANCIAL REVIEW

Revenue

The Group's revenue primarily generated from four business lines: (i) property management services; (ii) lifestyle services; (iii) commercial operational services; and (iv) value-added services to non-property owners. The Group's revenue increased by RMB214.0 million or approximately 23.1% to RMB1,139.0 million for the year ended 31 December 2022 from RMB925.0 million for the year ended 31 December 2021, which was primarily attributable to (i) the increase in revenue from property management service arising from the increase in the GFA under management of the Group; and (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			
	2022		2021	
	(RMB'000)	**Percentage of total revenue %**	(RMB'000)	Percentage of total revenue %
Property management services	**488,277**	**42.9**	317,255	34.3
Lifestyle services	**303,284**	**26.6**	253,546	27.4
Commercial operational services	**118,058**	**10.4**	120,378	13.0
Value-added services to non-property owners	**229,270**	**20.1**	233,791	25.3
Total	**1,138,889**	**100**	924,970	100

The property management services are our largest source of revenue. For the year ended 31 December 2022, the revenue from property management services was RMB488.3 million, accounting for 42.9% of the Group's total revenue. The increase in revenue was primarily due to the increased revenue from property management services driven by the increase of GFA under management of the Group from 16.21 million sq.m. as at 31 December 2021 to 28.83 million sq.m. as at 31 December 2022. The increase in GFA under management was mainly due to (i) the continuous delivery of properties developed by New Hope Wuxin Industrial Group to us for management during the Reporting Period; (ii) the Group's expansion in the independent third-party markets; (iii) the completion of the acquisition of Chengdu Mingyu.

The revenue from lifestyle services increased by 19.6% from approximately RMB253.5 million, representing 27.4% of total revenue of the Group for the year ended 31 December 2021 to approximately RMB303.3 million, representing 26.6% of total revenue of the Group for the year ended 31 December 2022. Among which:

(1) The revenue from community living services decreased by 2.1% from RMB160.1 million for the year ended 31 December 2021 to RMB156.7 million for the year ended 31 December 2022, which was mainly due to a contraction in the Group's advertising and events organization business.

(2) The revenue from community asset management services decreased by 6.1% from RMB42.9 million for the year ended 31 December 2021 to RMB40.3 million for the year ended 31 December 2022, which was mainly due to the decline in the revenue from carpark and community space services given the impact of COVID-19 pandemic.

(3) The revenue from online and offline retail services and catering services increased by 110.3% from RMB50.6 million for the year ended 31 December 2021 to RMB106.3 million for the year ended 31 December 2022, which was mainly due to the Group's active expansion of its lifestyle services business during the Reporting Period, in particular, the increase in group meals and the increasing density of new retail business, which resulted in the increase in revenue from online and offline retail services and catering services.

The revenue from value-added services to non-property owners decreased by 1.9% from approximately RMB233.8 million for year ended 31 December 2021 to approximately RMB229.3 million for the year ended 31 December 2022, which was mainly due to the decrease in revenue from property sale offices services as a result of the lower property sale offices undertaken during the Reporting Period.

The revenue from commercial operational services decreased by 1.9% from RMB120.4 million for the year ended 31 December 2021 to RMB118.1 million for the year ended 31 December 2022, which was mainly due to the decrease in revenue from the market research and positioning services as a result of the lower commercial project delivery by the Group during the Reporting Period.

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 2022, the total cost of sales of the Group was approximately RMB707.8 million, which increased by approximately RMB159.5 million or approximately 29.1% as compared to approximately RMB548.3 million for the same period of 2021. 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.

Management Discussion and Analysis

Gross Profit and Gross Profit Margin

The gross profit of the Group increased by RMB54.4 million or 14.5% to RMB431.1 million for the year ended 31 December 2022 from RMB376.7 million for the year ended 31 December 2021.

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			
	2022		2021	
	(RMB'000)	Gross profit margin %	(RMB'000)	Gross profit margin %
Type				
Property management services	142,390	29.2	95,647	30.1
Lifestyle services	116,319	38.4	106,170	41.9
Commercial operational services	74,879	63.4	75,086	62.4
Value-added services to non-property owners	97,546	42.5	99,787	42.7
Total	431,134	37.9	376,690	40.7

For the year ended 31 December 2022, the gross profit margin of the Group decreased by 2.8 percentage points as compared with the corresponding period last year.

Our gross profit margin of property management services decreased by 0.9%, primarily due to the increase in the Group's external expansion projects during the Reporting Period.

Our gross profit margin of value-added services to non-property owners decreased by 0.2%, which remained stable compared with corresponding period last year.

Our gross profit margin of commercial operational services increased by 1%, primarily due to the improvement in management.

Our gross profit margin of lifestyle services decreased by 3.5%, primarily due to the increase in the proportion of revenue from online and offline retail services and catering services, which have relatively lower gross profit margin in the lifestyle services.

Other Net (Expense)/Income

Other net (expense)/income of the Group decreased by RMB8.4 million or 646.2% to other net expense of RMB7.1 million for the year ended 31 December 2022 from other net income of RMB1.3 million for the year ended 31 December 2021, 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) tax expenses; and (vi) 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 RMB158.4 million for the year ended 31 December 2022, which decreased by approximately RMB14.1 million or approximately 8.2% as compared to approximately RMB172.5 million for the year ended 31 December 2021. Such decrease was mainly attributable to (i) no listing related expenses incurred during the Reporting Period; and (ii) the improvement in management.

Selling Expenses

The selling expenses of the Group decreased by RMB0.3 million or 7.7% to RMB3.6 million for the year ended 31 December 2022 from RMB3.9 million for the year ended 31 December 2021, which basically remained stable compared with corresponding period last year.

Finance Income, Net

The net financial income of the Group increased by RMB15.5 million or 387.5% to RMB19.5 million for the year ended 31 December 2022 from RMB4.0 million for the year ended 31 December 2021, mainly due to increase in the interest income generated from fundraising.

Income Tax Expense

For the year ended 31 December 2022, the income tax of the Group was approximately RMB44.1 million (for the year ended 31 December 2021: RMB36.3 million) and the trend is consistent with the increase of profit of the Company during the Reporting Period.

Profit for the Year

The net profit of the Group increased by approximately RMB56.4 million or approximately 34.0% to approximately RMB222.3 million for the year ended 31 December 2022 from approximately RMB165.9 million for the year ended 31 December 2021.

The net profit excluded the listing expenses of the Group increased by approximately RMB35.7 million or approximately 19.1% to approximately RMB222.3 million for the year ended 31 December 2022 from approximately RMB186.6 million for the year ended 31 December 2021.

Core Net Profit Attributable to Owners of the Parent

The profit attributable to equity shareholders of the Company increased by approximately 8.8% to approximately RMB203.0 million for the year ended 31 December 2022 from approximately RMB186.6 million (excluding listing expenses) for the year ended 31 December 2021.

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. As at 31 December 2022, the Group's property, plant and equipment was approximately RMB14.0 million, an increase by approximately RMB0.4 million from approximately RMB13.6 million as at 31 December 2021, mainly due to the growth in business and the acquisition of Chengdu Mingyu during the Reporting Period.

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 2022 amounted to approximately RMB324.8 million, representing an increase of approximately RMB135.5 million or 71.6% as compared to approximately RMB189.3 million as at 31 December 2021, which was mainly due to (i) the growth in business; and (ii) the acquisition of Chengdu Mingyu.

Management Discussion and Analysis

Prepayments, Deposits and Other Receivables

Prepayment, deposits and other receivables increased by 39.5% from RMB56.5 million as at 31 December 2021 to RMB78.8 million as at 31 December 2022, primarily because the development of our business and the payment for informatization construction had not been carried over to intangible assets.

Trade Payables

The Group's trade payables as at 31 December 2022 amounted to approximately RMB161.9 million, representing an increase of approximately RMB90.1 million or 125.5% as compared to approximately RMB71.8 million as at 31 December 2021, mainly due to the development of our business.

Other Payables and Accruals

Other payables and accruals increased by 19.9% from RMB186.6 million as at 31 December 2021 to RMB223.7 million as at 31 December 2022, primarily due to (i) the increase in the amount due to Chengdu Mingyu for the merger and acquisition; and (ii) the increase in the amount of deposits and security deposits received as a result of our business development.

Financial Position and Capital Structure

For the year ended 31 December 2022, the Group maintained a sound financial position.

As at 31 December 2022, the Group's current ratio (current assets/current liabilities) was 2.5 times (31 December 2021: 2.9 times) and net gearing ratio indicated a net cash status (31 December 2021: 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 2022 and 31 December 2021, the Group did not have any outstanding interest-bearing borrowings.

Pledge of Assets

As at 31 December 2022, none of the assets of the Group were pledged (31 December 2021: Nil).

Contingent Liabilities

As at 31 December 2022, the Group did not have any material contingent liabilities (31 December 2021: 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 the PRC, and substantially all of its revenue and expenses are denominated in Renminbi. As at 31 December 2022, among the Group's cash and bank balances, RMB0.3 million were denominated in Hong Kong dollars and US 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

On 11 April 2022, the Group purchased 51% equity interest in Chengdu Mingyu at a consideration of RMB180.1 million by entering into an agreement for the sale and purchase of equity in order to expand the scale and scope of the Group's business. For further details, please refer to the announcement of the Company dated 11 April 2022.

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

Future Plans for Material Investments of Capital Assets

The Group intends to utilise the net proceeds from the Listing (as defined below) in accordance with the section headed "Future Plans and Use of Proceeds" in the prospectus (the "**Prospectus**") of the Company dated 11 May 2021 and the change of proposed use of net proceeds on 24 May 2022. 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 of 31 December 2022.

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 2022.

Employees and Remuneration Policy

As at 31 December 2022, the Group had approximately 4,031 employees (31 December 2021: 3,162 employees). During the Reporting Period, the total staff costs were approximately RMB411.6 million (for the year ended 31 December 2021: approximately RMB339.4 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.

Management Discussion and Analysis

USE OF NET PROCEEDS FROM THE LISTING

The shares (the "**Shares**") of the Company were listed (the "**Listing**") on the Stock Exchange on 25 May 2021 (the "**Listing Date**") and the over-allotment option (the "**Over-allotment Option**") was partially exercised on 11 June 2021. For details, please refer to the Prospectus and the Company's announcement dated 15 June 2021. 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). The Group continues to expand its 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 through market expansion, persisting in seeking investment opportunities and developing its lifestyle services. Given the above considerations and the following reasons, in order to enhance the use efficiency of the funds raised, capture market opportunities for business development in a timely manner, and strike a more reasonable balance in the use of funds, the Board resolved to change the proposed use of such proceeds on 24 May 2022. As set out in the announcement of the Company dated 25 May 2022, the sub-categories under "strategic acquisition and investment" were consolidated and HK$79 million and HK$39.5 million originally allocated for "strategic acquisition and investment" were re-allocated to a new category of "development of lifestyle services" and an existing category of "working capital", respectively. As at 31 December 2022, an analysis of the utilisation of net proceeds from the Listing is as follows:

Major categories	Sub-categories	Amount (HK$ in million)	% of total proceeds	Unutilised amount as at 1 January 2022 (HK$ in million)	Actual utilised amount during the year ended 31 December 2022 (HK$ in million)	Unutilised Amount as at 31 December 2022 (HK$ in million)	Estimated utilisation plan
Strategic acquisition and investment		434.5	55.0%	434.5	5.5	429.0	On or before 31 December 2023
Upgrade information system and equipment	Middleground system	23.7	3.0%	21.3	4.2	17.1	On or before 31 December 2023
	Property management support system	2.4	0.3%	2.0	1.0	1.0	On or before 31 December 2023
	Lifestyle service support system	15.0	1.9%	9.2	1.1	8.1	On or before 31 December 2023
	Corporate infrastructural operation system	11.1	1.4%	9.3	7.0	2.3	On or before 31 December 2023
	Intelligent community pilot projects	42.6	5.4%	41.9	11.7	30.2	On or before 31 December 2023
	Human resources to support information technology upgrades	23.7	3.0%	23.7	12.5	11.2	On or before 31 December 2023

Major categories	Sub-categories	Amount (HK$ in million)	% of total proceeds	Unutilised amount as at 1 January 2022 (HK$ in million)	Actual utilised amount during the year ended 31 December 2022 (HK$ in million)	Unutilised Amount as at 31 December 2022 (HK$ in million)	Estimated utilisation plan
Talent recruitment and team building		39.5	5.0%	39.5	38.0	1.5	On or before 31 December 2023
Development of lifestyle services		79.0	10.0%	79.0	41.6	37.4	On or before 31 December 2023
Working capital		118.5	15.0%	67.8	43.9	23.9	On or before 31 December 2023
Total		790.0	100%	728.2	166.5	561.7	

The remaining net proceeds raised from the 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 50, was appointed as our executive Director on 29 December 2020 and appointed as the co-chairman of the Board on 22 March 2023. 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 38, 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 40, was appointed as our non-executive Director and chairman of our Board on 29 December 2020 and resigned on 22 March 2023, 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.

Ms. Huang Kun (黃坤), aged 39, was appointed as our non-executive Director on 29 December 2020 and resigned on 22 March 2023. 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.

Biographies of Directors and Senior Management

Mr. Liu Xu (劉栩), aged 42, was appointed as our non-executive Director on 22 March 2023. He currently serves as the vice president of New Hope Investment Group Co., Ltd.*(新希望投資集團有限公司) since January 2020, primarily responsible for supporting the chairlady of the board on portfolio and business strategy, and incubating new business. From August 2017 to October 2019, he served as the global chief strategy officer and general manager of the business excellence & transformation department of Asia Pulp & Paper Co., Ltd. (亞洲漿紙業有限公司), responsible for global medium and long-term strategic planning and implementation of key business transformation. From January 2015 to July 2017, he served as vice president of Siemens Ltd., China (西門子中國有限公司) and the managing partner of Greater China office of Siemens Management Consulting (西門子管理諮詢), responsible for the planning and implementation of key strategic projects in Greater China area. From February 2010 to December 2014, he served as a project manager at Siemens Ltd., China (西門子中國有限公司).

From July 2007 to December 2009, he served as an associate at McKinsey & Company. From November 2004 to June 2007, he served as a research assistant at Imperial College London. Mr. Liu obtained his Bachelor of Engineering from Tsinghua University in July 2002. In September 2004, he obtained his Master of Science from Imperial College London. In June 2006, he obtained Diploma of Graduate in Economics from the London School of Economics and Political Science. In June 2007, he obtained his Doctor of Philosophy degree from Imperial College London.

Mr. Jiang Mengjun (姜孟軍), aged 48, was appointed as our non-executive Director on 29 December 2020 and appointed as chairman of the Board on 22 March 2023. 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 45, 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 was appointed as 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.

Biographies of Directors and Senior Management

Ms. Zhang Wei (張薇), aged 37, was appointed as our non-executive Director on 22 March 2023. She currently serves as the general manager of finance of New Hope Investment Group Co., Ltd.* (新希望投資集團有限公司) since March 2022, primarily responsible for financial management and analysis. From March 2021 to March 2022, she served as a financial analyst of New Hope Group Co., Ltd.* (新希望集團有限公司), responsible for investment projects financial analysis. From February 2020 to February 2021, she served as a manager (主任) of board office of Future Investment Co., Ltd.* (前程投資股份有限公司), responsible for coordination of board meeting and communication with major shareholders. From November 2017 to January 2020, she served as a financial manager of New Hope Group Co., Ltd.* (新希望集團有限公司), responsible for financial analysis and assets management. From September 2010 to October 2017, she served at Deloitte Touche Tohmatsu Certified Public Accountants LLP and her last position is audit manager.

Ms. Zhang obtained her Bachelor of Management and Master of Management from Beijing University of Technology (北京工業大學) in July 2007 and June 2010 respectively. Ms. Zhang is a Chinese Certified Public Accountant since August 2013.

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 Company.

Mr. Kong has more than 20 years of experience in accounting and audit, corporate finance, investor relations, company secretarial 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 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 50, 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.

Biographies of Directors and Senior Management

Mr. Li Zhengguo (李正國), aged 50, 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、四川省經濟和信息化廳、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.

Save as disclosed, 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**").

SENIOR MANAGEMENT

Mr. Chen Jiang (陳江), aged 35, 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. (中信建投証券股份有限公司), 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.

Mr. Lui Fei Yan (呂斐然), aged 36, was redesignated as the deputy general manager of New Hope Services and appointed as the chief customer officer of the Group on 1 January 2023, mainly responsible for the Group's commercial operation services and property management services. He joined the Group in 2014 and from September 2014 to October 2016, he served as the general manager of the planning department of the Group's headquarter, mainly responsible for the overall management of the national commercial planning activities and property branding and community culture activities; from November 2016 to July 2020, he served as the general manager of Nanning

Dashanghui of New Hope Commercial, mainly responsible for the overall management of the commercial and property of the project; from August 2020 to December 2022, he served as the general manager of Kunming Company of the Group and responsible for the overall operation and management of the Group's business in Yunnan.

Prior to joining the Group, he served as the deputy manager of the hotel division of the property business department of New Hope Group from 2011 to 2013, mainly responsible for the development and operation management of New Hope Group's hotels. From August 2013 to August 2014, he served as a senior manager of the Innovation and E-Commerce Business Division of New Hope Group, mainly responsible for the management of the Group's innovation business.

Mr. Lui was awarded the "Gold Medal General Manager" by the China Building Materials Circulation Association (中國建築材料流通協會) in November 2022. He obtained a bachelor's degree in management from Sichuan University in China in June 2008 and a master's degree in management from Sichuan University in China in July 2011.

JOINT COMPANY SECRETARIES

Ms. Zhao Xiaoxing (趙曉星), aged 37, was appointed as our joint company secretary in December 2020 and resigned on 22 March 2023. 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. Li Hongjia (李紅佳), aged 36, was appointed as our joint company secretary on 22 March 2023. Mr. Li was appointed as the deputy general manager of the Company on 1 February 2023 and is primarily responsible for the board affairs and capital market, branding, investment and M&A, and legal and audit affairs of the Company. Mr. Li has more than 10 years of corporate legal and compliance experience. From July 2011 to March 2016 and from March 2016 to March 2018, Mr. Li worked as legal counsel at China Evergrande Group and China Fortune Land Development Co., Ltd. respectively and was responsible for the corporate governance, legal litigation and operation compliance. From March 2018 to January 2023, Mr. Li worked as general manager of the legal compliance centre of Sichuan New Hope Property Development Co., Ltd. (四川新希望房地產開發有限公司) and was responsible for the investment and finance, risk management and compliance and dispute resolution.

Mr. Li obtained the Bachelor in Laws degree from Zhongnan University of Economics and Law (中南財經政法大學) in July 2008 and Master in Laws degree from Renmin University of China (中國人民大學) in June 2011. Mr. Li held the Legal Professional Qualification Certificate issued by Ministry of Justice of the People's Republic of China and the Corporate Compliance Officer Certificate issued by China Enterprise Directors Association.

Mr. Lau Kwok Yin (劉國賢), aged 37, 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. He has over 12 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 2022.

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.

For the year ended 31 December 2022, so far as the Directors are aware, the Company 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 Directors and three independent non-executive Directors.

Corporate Governance Report

The members of the Board as at 31 December 2022 and up to the date of this report are set out as below:

Executive Directors

Ms. Wu Min [(1)]
Ms. Chen Jing

Non-executive Directors

Mr. Zhang Minggui *(Chairman)* [(2)]
Mr. Jiang Mengjun *(Chairman)* [(3)]
Mr. Dong Li
Ms. Huang Kun [(4)]
Mr. Liu Xu [(5)]
Ms. Zhang Wei [(6)]

Independent non-executive Directors

Mr. Cao Qilin
Mr. Li Zhengguo
Mr. Kong Chi Mo

Notes:

(1) Ms. Wu Min was appointed as the Co-chairman of the Board on 22 March 2023.

(2) Mr. Zhang Minggui resigned as a non-executive Director and the Chairman of the Board on 22 March 2023.

(3) Mr. Jiang Mengjun was appointed as the Chairman of the Board on 22 March 2023.

(4) Ms. Huang Kun resigned as a non-executive Director on 22 March 2023.

(5) Mr. Liu Xu was appointed as a non-executive Director on 22 March 2023.

(6) Ms. Zhang Wei was appointed as a non-executive Director on 22 March 2023.

The newly appointed Directors, namely Mr. Kong Chi Mo, Mr. Liu Xu and Ms. Zhang Wei, have received induction on the first occasion of their 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.

Biographical details 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 "**Audit Committee**"), the remuneration committee (the "**Remuneration Committee**") and the nomination committee (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 code provision C.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.

During the year ended 31 December 2022, the chairman of the Board, namely Mr. Zhang Minggui, focused 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 year ended 31 December 2022, 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 2022. Based on the confirmations of the independent non-executive Directors, the Company considers each of them to be independent for the year ended 31 December 2022.

Appointment and Re-election of Directors

The code provision B.2.2 of the CG Code states 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 code provision C.1.4 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.

All the relevant 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.

According to the records maintained by the Company, during the year ended 31 December 2022, training session(s) in relation to updates on the Listing Rules, directors' responsibilities and anti-corruption and the relevant reading materials were arranged to the Directors and the Directors' participated in continuous professional development in following manner:

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. Kong Chi Mo(1)	1
Mr. Yan Lap Kei Issac (2)	N/A

Notes:

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

(2) Mr. Yan Lap Kei Issac passed away 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 2022.

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 2022, 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 code provision C.5.1 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. The Company has held an annual general meeting for the year ended 31 December 2022. 9 meetings of the Board were held and the attendance records of the Board members are set out in the table below:

Name of Directors	Attendance/ Eligible to attend the general meeting(s) during the year	Attendance/ Eligible to attend the board meeting(s) during the year
Ms. Wu Min	1/1	9/9
Ms. Chen Jing	1/1	9/9
Mr. Zhang Minggui	1/1	9/9
Mr. Jiang Mengjun	1/1	9/9
Mr. Dong Li	1/1	9/9
Ms. Huang Kun	1/1	9/9
Mr. Cao Qilin	1/1	9/9
Mr. Li Zhengguo	1/1	9/9
Mr. Kong Chi Mo [(1)]	1/1	9/9
Mr. Yan Lap Kei Issac [(2)]	0/0	0/0

Notes:

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

(2) Mr. Yan Lap Kei Issac passed away on 16 February 2022.

The Company has adopted the practice of holding Board meetings regularly. Notice of not less than 14 days is given for all regular Board meetings to provide all Directors with the opportunity to attend and include matters in the agenda. For other committee meetings, reasonable notice is given. The agenda and accompanying board papers are despatched to the Directors or Board 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 Board 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 available 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 COMMITTEES

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

The table below sets out the composition of these committees on which each Board member serves during the year ended 31 December 2022.

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. Kong Chi Mo (1)	C	–	–
Mr. Yan Lap Kei Issac (2)	C	–	–

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

Notes:

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

(2) Mr. Yan Lap Kei Issac passed away on 16 February 2022 and ceased as the chairman of the Audit Committee on the same day.

Audit Committee

The Board has establish the Audit Committee on 30 April 2021 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the code provision D.3 of the CG Code as set out in Part 2 of Appendix 14 to the Listing Rules. 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. Liu Xu 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 2022, 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. Jiang Mengjun	2/2
Mr. Li Zhengguo	2/2
Mr. Kong Chi Mo [1]	2/2
Mr. Yan Lap Kei Issac [2]	0/0

Notes:

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

(2) Mr. Yan Lap Kei Issac passed away on 16 February 2022 and ceased as the Chairman of the Audit Committee on the same day.

At the above meetings, member of the Audit Committee have reviewed the audited annual results of the Group for the year ended 31 December 2021 and the unaudited interim results of the Group for the six months ended 30 June 2022. 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 22 March 2023 at which, among other things, it has reviewed the audited annual results of the Group for the year ended 31 December 2022. The Audit Committee has reviewed the remuneration of the auditor for the year ended 31 December 2022 and has recommended the Board to re-appoint KPMG as the auditor of the Company for the year ended 31 December 2023, subject to approval by the Shareholders at the forthcoming annual general meeting (the "**AGM**") of the Company to be held on 16 June 2023..

Remuneration Committee

The Board has establish the Remuneration Committee on 30 April 2021 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the code provision E.1 of the CG Code as set out in Part 2 of 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 executive Director and two independent non-executive Directors, namely Mr. Cao Qilin, Ms. Wu Min 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; (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time; and (iv) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

For the year ended 31 December 2022, the Remuneration 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. Cao Qilin	2/2
Ms. Huang Kun	2/2
Mr. Li Zhengguo	2/2

At the above meetings, the Remuneration Committee has discussed and reviewed (i) the remuneration policy and structure, size and composition of the Board; (ii) the terms of remuneration packages for directors and members of senior management; and (iii) performance-based remuneration for directors and members of senior management.

Nomination Committee

The Board has establish the Nomination Committee on 30 April 2021 with written terms of reference in compliance with the code provision B.3 of the CG Code as set out in Part 2 of 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. Jiang Mengjun, Mr. Li Zhengguo and Mr. Cao Qilin. Mr. Jiang Mengjun 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.

Corporate Governance Report

For the year ended 31 December 2022, the Nomination 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. Zhang Minggui	2/2
Mr. Cao Qilin	2/2
Mr. Li Zhengguo	2/2

At the above meetings, the Nomination Committee has discussed and reviewed (i) the structure, size and composition of the Board; (ii) the assessment of the independence of the independent non-executive directors; (iii) the review of the nomination policy; (iv) the review of the policy on board diversity; and (v) the consideration of the reappointment of retiring directors.

The Nomination Committee reviewed and passed a relevant resolution on 22 March 2023 in relation to the appointment of Mr. Liu Xu and Ms. Zhang Wei as non-executive Director.

NOMINATION POLICY

The Company has adopted a nomination policy setting out the nomination practice, such as the criteria and procedures for the selection, appointment and re-appointment of the Directors. Under the policy, the Nomination Committee will evaluate potential candidates by considering various factors, including their reputation for integrity, accomplishment and experience, time commitments, potential contribution to board diversity, and material conflict of interest with the Group (if any). Should there are any suitable candidate, the Nomination Committee will recommend to the Board for consideration and appointment.

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. The Nomination Committee reviews the Board Diversity Policy and its implementation from time to time to ensure its implementation and monitor its continued effectiveness.

Our Board currently 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 50 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.

For the year ending 31 December 2022, the Board has reviewed and discussed the measurable objectives mentioned above, including but not limited to professional qualifications, skills, knowledge, educational background, gender, age and ethnicity, and agreed that such measurable objectives would help achieve board diversity, thereby improving the Company's strategy and facilitating the development of the Company's business.

As at 31 December 2022, Board diversity in terms of gender is set out below:

Gender	Quantity
Male	6
Female	3

The Board had 3 female members out of the total 9 Board members, accounting for one-third of the Board. The Board is of the view that gender diversity has been achieved and targets to maintain at least the current level of female representation. 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 so that it will have a pipeline of female senior management and potential successors to the Board in the future. The Company will continue to apply the principle of appointments based on merits with reference to the Board Diversity Policy. 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.

GENDER DIVERSITY OF EMPLOYEES

As at 31 December 2022, the Group has a total of 4,031 employees, and the ratio of male to female employees is approximately 1.2:1 (in respect of senior management: 1.7:1). The Nomination Committee considered that the current ratio of male and female employees is relatively balanced. The Group adheres to the employment principle of gender equality, actively increases the number of female employees, protects the legal rights of female employees, provides equal opportunities for female employees in recruitment, training, promotion and career development, and actively fosters a corporate culture of respect, openness and inclusiveness. In addition, the Group is committed to creating a professional, inclusive and non-discriminatory workplace for its employees to realize their potential, as a workplace where we understand, appreciate and encourage differences. We provide equal opportunities to all employees on our diverse platform regardless of religion, age, gender or gender identity, disability, or sexual orientation.

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for performing the functions.

During the year ended 31 December 2022, 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' LIABILITY 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

During the year ended 31 December 2022, Ms. Zhao Xiaoxing ("Ms. Zhao") and Mr. Lau Kwok Yin ("Mr. Lau") acted as joint company secretaries of the Company. Mr. Lau is an assistant vice president of an external service provider, SWCS Corporate Services Group (Hong Kong) Limited, assisting Ms. Zhao in discharging her duties as the company secretary of the Company. Ms. Zhao was the primary corporate contact person of Mr. Lau in the Company. Each of Ms. Zhao and Mr. Lau has confirmed that for the year ended 31 December 2022, 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 and Mr. Lau are set out in the "Biographies of Directors and Senior Management" section on page 27 of this report.

Corporate Governance Report

Ms. Zhao has tendered her resignation as a joint company secretary of the Company with effect from 22 March 2023. Following the resignation of Mr. Zhao, Mr. Li Hongjia has been appointed as a joint company secretary of the Company with the assistance of Mr. Lau to discharge the duties as the company secretary of the Company. Mr. Li Hongjia is the primary corporate contract person of Mr. Lau in the Company.

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 2022, 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:

	RMB million
Audit and related service:	2.95
Non-audit service:	
– taxation services	0.29
Total	3.24

SENIOR MANAGEMENT'S REMUNERATION

The remuneration of the members of the senior management of the Company by band for the year ended 31 December 2022 is set out below:

	Number of members of senior management
RMB Nil to RMB1,000,000	12
RMB1,000,001 to RMB1,500,000	1
RMB1,500,001 to RMB2,500,000	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 (including ESG 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 Group has an internal audit function in place and has appointed relevant personnel to identify and assess the risks and internal controls relating to the daily operations of the Group and to report regularly to the Audit Committee and/or the Board on the results of the assessment and follow-up actions.

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 2022. 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.

INDEPENDENCE EVALUATION MECHANISM

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

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

Corporate Governance Report

All the Directors, including the independent non-executive Directors, are given equal opportunity and channels to communicate and express their views to the Board and have separate and independent access to the management of the Group in order to make informed decisions. All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company. The chairman of the Board will hold meetings with the independent non-executive Directors without the involvement of other Directors at least annually to discuss any issues and concerns.

Any Director or his/her associate who has a conflict of interest in a matter to be considered by the Board will be dealt with by a physical Board meeting rather than by written resolutions. Such Director will be required to declare his/her interests before the meeting and abstain from voting and not counted towards the quorum on the relevant resolutions. Independent non-executive Directors who, and whose associates, have no interest in the matter should attend the Board meeting. The Board has reviewed and considered that the Board Independence Evaluation Mechanism is effective in ensuring that independent views and input are provided to the Board during the year ended 31 December 2022.

DISCLOSURE OF INSIDE INFORMATION

The Company has adopted policies on monitoring, reporting and disclosure of inside information. 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 for the year ended 31 December 2022.

The Company is not aware of any incident of non-compliance of the Model Code committed by any Directors or relevant employees for the year ended 31 December 2022.

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 Shareholders' 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 AND SHAREHOLDERS' COMMUNICATION POLICY

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which enables the Shareholders and investors to make the best investment decisions.

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: (86) 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

The Board welcomes views of the Shareholders and encourages them to attend general meetings to raise any concerns they might have with the Board or the management directly. Board members and appropriate senior staff of the Group are available at the meetings to answer any questions raised by the Shareholders.

The Board has reviewed the shareholders' communication policy and its effectiveness was confirmed.

CHANGE IN CONSTITUTIONAL DOCUMENTS

For the year ended 31 December 2022, the Company did not have 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 2022.

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 lifestyle owners, commercial operational services and non-property services in the PRC.

Details of the principal activities of the principal subsidiaries of the Group are set out in note 15 to the consolidated financial statements in this annual report. There were no significant changes in the nature of the Group's principal activities as of 31 December 2022 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 2022 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 RMB0.12 per share of the Company for the year ended 31 December 2022 (the "**Final Dividend**") in cash (for the year ended 31 December 2021: RMB0.071), 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 Thursday, 6 July 2023 to the Shareholders whose names appear on the register of members of the Company on Tuesday, 27 June 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 Tuesday, 13 June 2023 to Friday, 16 June 2023 (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 Monday, 12 June 2023.

For the purpose of ascertaining Shareholders' entitlement to the Final Dividend, the register of members of the Company will be closed from Friday, 23 June 2023 to Tuesday, 27 June 2023 (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 Wednesday, 21 June 2023.

BORROWINGS

As at 31 December 2022, 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 2022 are set out in the consolidated statements of changes in equity in this annual report. As at 31 December 2022, the distributable reserve of the Company amounted to approximately RMB709.4 million.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 31 December 2022 are set out in note 13 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 25 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 2022 and the Group's financial position as at the date are set out in the consolidated financial statements on pages 63 to 123 in this report.

MAJOR CUSTOMERS AND SUPPLIERS

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

For the year ended 31 December 2022, the transaction amount of the Group's top five customers accounted for 30.0% of the total revenue of the Group (2021: 39.8%), while the transaction amount of the Group's single largest customer accounted for 25.6% of the total revenue of the Group (2021: 31.0%).

For the year ended 31 December 2022, the transaction amount of the Group's top five suppliers accounted for 5.8% of the total purchase of the Group (2021: 6.2%), while the transaction amount of the Group's single largest supplier accounted for 1.7% of the total purchase of the Group (2021: 1.6%).

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 2022 amounted to RMB5,000.

DIRECTORS

The Directors during the year ended 31 December 2022 and up to the date of this annual report are:

Ms. Wu Min
Ms. Chen Jing
Mr. Zhang Minggui (resigned on 22 March 2023)
Mr. Jiang Mengjun
Mr. Dong Li
Ms. Huang Kun (resigned on 22 March 2023)
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)
Mr. Liu Xu (appointed on 22 March 2023)
Ms. Zhang Wei (appointed on 22 March 2023)

The biographical details of the Directors 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, 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 108(a) of the Article of Association, Mr. Cao Qilin, Mr. Li Zhengguo and Mr. Dong Li shall retire from office at the AGM. Mr. Liu Xu and Ms. Zhang Wei shall retire and be re-elected at the AGM in accordance with article 111 of the Articles of Association. 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 2022, 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, for the year ended 31 December 2022, 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 2022 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 2022.

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 contracts 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 2022.

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 including the period within which the option may be exercised and vesting period 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 the 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 8 years and 1 month.

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. As at 1 January 2022 and 31 December 2022, the number of options available for grant under the Share Option Scheme is 80,000,000 Shares.

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 2022, 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 Min[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 2022, 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 2022, 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 2022, 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 2022.

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 2022.

CONNECTED TRANSACTIONS

During the year ended 31 December 2022, 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 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 for the year ended 31 December 2022 is RMB3.12 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 revised annual caps of the fee payable by the Group under the Master Purchase Agreement for the two years ending 31 December 2022 and 31 December 2023 are RMB20 million and RMB26 million, respectively. The amount for the transactions under the Master Purchase Agreement involved for the year ended 31 December 2022 is RMB8.56 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 Service 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 2021, 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. As the amount for the transactions under the Master Sales Agreement are approaching its existing annual cap for the year ending 31 December 2022, on 18 November 2022, the Company entered into a supplemental agreement with New Hope Holdings to revise the annual cap under the Master Sales Agreement. The revised annual cap is RMB23.0 million for the year ended 31 December 2022 and the amount for the year ending 31 December 2023 is RMB25.3 million. The amount for the transactions under the Master Sales Agreement involved for the year ended 31 December 2022 is RMB20.46 million.

4. Master Advertising and Events Organisation Services Framework Agreement

On 6 May 2021, New Hope Service 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 caps of the fee payable by the New Hope Property Group under the Master Advertising and Events Organisation Services Framework Agreement for the two years ending 31 December 2022 and 31 December 2023 are RMB6.8 million and RMB8.2 million, respectively. The amount for the transactions under the Master Advertising and Events Organisation Services Framework Agreement involved for the year ended 31 December 2022 is RMB0.25 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.

5. Centralized Supply Chain Service Framework Agreement

On 24 May 2022, New Hope Service entered into a centralized supply chain service framework agreement with New Hope Holdings, pursuant to which, the New Hope Holdings Group has agreed to place order on the supply chain platform of the New Hope Service Group for certain products, and the New Hope Service Group has agreed to supply such products for a term from 24 May 2022, being the date of Framework Agreement to 31 December 2023.

The annual caps for the two years ending 31 December 2023 is RMB20.7 million and 20.7 million respectively. The actual transaction amount for the year ended 31 December 2022 is RMB1.81 million.

(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 caps of the fee payable by the New Hope Holdings Group under the Master Property Management and Related Services Agreement for the two years ending 31 December 2022 and 31 December 2023 are RMB406.6 million and RMB486.9 million, respectively. The amount for the transactions under the Master Property Management and Related Services Agreement involved for the year ended 31 December 2022 is RMB219.48 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 caps of the fee payable by the New Hope Property Group under the Master Commercial Operational and Related Services Agreement for the two years ending 31 December 2022 and 31 December 2023 are RMB53.0 million and RMB76.3 million, respectively. The amount for the transactions under the Master Commercial Operational and Related Services Agreement involved for the year ended 31 December 2022 is RMB43.09 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 caps of the fee payable by the New Hope Property Group under the Master Property Agency Services Agreement for the two years ending 31 December 2022 and 31 December 2023 are RMB12.5 million and RMB14.9 million, respectively. The amount for the transactions under the Master Property Agency Services Agreement involved for the year ended 31 December 2022 is RMB6.61 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 2022 are set out in note 29 to the consolidated financial statements in this annual report.

Save as disclosed above, during the year ended 31 December 2022, 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 2022, 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

For the year ended 31 December 2022, the Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company.

PRE-EMPTIVE RIGHTS

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

LITIGATION

As at 31 December 2022, 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 2022, 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 five financial years is set out on page 124 of this annual report. This summary does not form part of the audited consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the number of shares held by the public in the Company for the year ended 31 December 2022 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 2022 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 2022 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 at the same time as publication of this annual report.

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 2022.

Directors' Report

DISCLOSURE PURSUANT TO RULE 14.36B OF THE LISTING RULES

On 11 April 2022, the Group purchased 51% equity interest in Chengdu Mingyu at a consideration of RMB180.1 million by entering into an agreement for the sale and purchase of equity in order to expand the scale and scope of the Group's business. As disclosed in the announcement (the "**Announcement**") of the Company dated 11 April 2022, the vendor and relevant guarantor shall pay an amount as compensation for any shortfall in the respective targets for the guaranteed revenue or the guaranteed profit for Chengdu Mingyu as further described in the Announcement. Based on the information available, the actual performance of Chengdu Mingyu has met the relevant guarantee for the year ended 31 December 2022.

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 2022 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
Jiang Mengjun
Chairman

Hong Kong, 22 March 2023

Independent Auditor's Report

KPMG

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 63 to 123, which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including 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 2022 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 Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") 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 matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter (continued)

Expected credit loss allowance for trade receivables

Refer to accounting policy note 2(l) and note 27 to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
As at 31 December 2022, the Group's gross trade receivables and a loss allowance for expected credit losses (ECLs) amounted to RMB343.1 million and RMB18.4 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 2022 based on the Group's ECL allowance policies.

Key audit matter (continued)

Purchase price allocation for a business combination	
Refer to accounting policy note 2(f) and note 26 to the consolidated financial statements.	
The Key Audit Matter	**How the matter was addressed in our audit**
During the year ended 31 December 2022, the Group completed an acquisition of a property management company which has been consolidated by the Group since its acquisition date. Management engaged an external qualified valuer to assist in identifying the intangible assets and to perform the valuation of the identifiable assets acquired and liabilities assumed of the acquired company at the acquisition date, based on which, management performed a purchase price allocation exercise for the acquisition. The exercise resulted in the recognition of, amongst others, an intangible asset of RMB63,700,000, being identified customer relationships, and goodwill of RMB133,415,000, being the excess of considerations transferred and the amount of non-controlling interests in the acquiree over the fair value of identifiable net assets. In assessing the fair value of the customer relationships, a discounted cash flow forecast has been prepared by the external valuer, where significant judgements and estimates were involved in the assessment, particularly in relation to gross profit margin, discount rate and expected useful life of the customer relationships. We identified the purchase price allocation for a business combination as a key audit matter because the significance of the customer relationships and goodwill recognised from the business combination, and the significant judgements and estimates involved in the fair value assessment of the identified customer relationships, which is inherently subjective.	Our audit procedures to assess purchase price allocation for a business combination included the following: • inspecting the relevant share purchase agreement and evaluating management's accounting treatment for the acquisition with reference to the terms set out in the share purchase agreement and the prevailing accounting standards; • inspecting the valuation report prepared by the external valuer on which the Group's assessment of the fair values of the identified assets acquired and the liabilities assumed was based; • assessing the external valuer's qualifications, experience and expertise and considering their objectivity; • assessing the reasonableness of the key assumptions, including comparing gross profit margin with historical data of the acquired company as well as with market information and by comparing the expected useful life of the customer relationships against market data; • with the assistance of our internal valuation specialists, evaluating the appropriateness of the valuation methodology adopted by management with reference to the prevailing accounting standards and the reasonableness of the discount rate with reference to the available external data based on market research; • evaluating the sensitivity analysis prepared by management for each of the key assumptions adopted in the discounted cash flow forecast and assessing whether there is any indication of management bias; and • assessing the reasonableness of the disclosures in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

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
22 March 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2022
(Expressed in Renminbi ("RMB"))

	Note	2022 RMB'000	2021 RMB'000
Revenue	4	1,138,889	924,970
Cost of sales		(707,755)	(548,280)
Gross profit		431,134	376,690
Other net (expenses)/income	5	(7,148)	1,265
Selling expenses		(3,571)	(3,862)
Administrative expenses		(158,442)	(172,505)
Expected credit loss on financial assets		(15,071)	(3,194)
Profit from operations		246,902	198,394
Finance expenses		(4,941)	(4,831)
Finance income		24,446	8,850
Finance income, net	6(a)	19,505	4,019
Share of profits less losses of associates		13	(201)
Profit before taxation		266,420	202,212
Income tax	7(a)	(44,141)	(36,333)
Profit for the year		222,279	165,879
Attributable to:			
Equity shareholders of the Company		203,033	165,894
Non-controlling interests		19,246	(15)
Profit for the year		222,279	165,879

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2022
(Expressed in Renminbi ("RMB"))

	Note	2022 RMB'000	2021 RMB'000
Profit for the year		**222,279**	165,879
Other comprehensive income for the year:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of overseas subsidiaries		**–**	(23)
Other comprehensive income for the year, net of tax		**–**	(23)
Total comprehensive income for the year		**222,279**	165,856
Attributable to:			
Equity shareholders of the Company		**203,033**	165,871
Non-controlling interests		**19,246**	(15)
Total comprehensive income for the year		**222,279**	165,856
Earnings per share			
Basic and diluted (RMB)	*10*	**0.25**	0.23

The notes on pages 70 to 123 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 25(b).

Consolidated Statement of Financial Position

at 31 December 2022
(Expressed in RMB)

	Note	At 31 December 2022 RMB'000	At 31 December 2021 RMB'000
Non-current assets			
Investment properties	11	104,609	96,668
Goodwill	12	133,415	–
Property, plant and equipment	13	13,962	13,619
Intangible assets	14	115,330	24,838
Interests in associates	16	2,148	1,441
Equity securities designated at fair value through other comprehensive income (FVOCI)		30	30
Deferred tax assets	24(b)	6,742	2,779
		376,236	139,375
Current assets			
Inventories		363	267
Prepayments, deposits and other receivables	17	78,827	56,510
Trade receivables	18	324,759	189,285
Cash and cash equivalents	19	1,039,740	1,105,530
		1,443,689	1,351,592
Current liabilities			
Trade payables	20	161,864	71,787
Other payables and accruals	21	223,675	186,603
Contract liabilities	22	158,298	195,772
Amount due to related companies	29(c)	4,135	6,126
Current taxation	24(a)	16,124	–
Lease liabilities	23	4,903	8,472
		568,999	468,760
Net current assets		874,690	882,832
Total assets less current liabilities		1,250,926	1,022,207
Non-current liabilities			
Lease liabilities	23	60,807	60,356
Deferred tax liabilities	24(b)	16,286	7,492
		77,093	67,848
NET ASSETS		1,173,833	954,359

Consolidated Statement of Financial Position

at 31 December 2022
(Expressed in RMB)

	Note	At 31 December 2022 RMB'000	At 31 December 2021 RMB'000
CAPITAL AND RESERVES			
Share capital	25	**6,741**	6,741
Reserves	25	**1,091,406**	946,108
Total equity attributable to equity shareholders of the Company		**1,098,147**	952,849
Non-controlling interests		**75,686**	1,510
TOTAL EQUITY		**1,173,833**	954,359

Approved and authorised for issue by the board of directors on 22 March 2023.

Director

Director

The notes on pages 70 to 123 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2022
(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	*25(c)*	*	114,803	–	–	–	–	114,803	–	114,803
Capitalisation issue	*25(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	*25(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.

The notes on pages 70 to 123 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2022
(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 2022		6,741	750,036	(44,746)	35,673	(23)	205,168	952,849	1,510	954,359
Changes in equity for 2022:										
Profit for the year		–	–	–	–	–	203,033	203,033	19,246	222,279
Total comprehensive income for the year		–	–	–	–	–	203,033	203,033	19,246	222,279
Business combination		–	–	–	–	–	–	–	55,330	55,330
Acquisition of non-controlling interests		–	–	–	–	–	323	323	(625)	(302)
Contribution from non-controlling interests		–	–	–	–	–	–	–	225	225
Appropriation to statutory reserve		–	–	–	20,306	–	(20,306)	–	–	–
Dividends declared	25(b)	–	–	–	–	–	(58,058)	(58,058)	–	(58,058)
Balance at 31 December 2022		6,741	750,036	(44,746)	55,979	(23)	330,160	1,098,147	75,686	1,173,833

The notes on pages 70 to 123 form part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2022
(Expressed in RMB)

	Note	2022 RMB'000	2021 RMB'000
Operating activities			
Cash generated from operations	*19(b)*	**209,607**	277,801
Income taxes paid	*24(a)*	**(30,799)**	(41,586)
Net cash generated from operating activities		**178,808**	236,215
Investing activities			
Interest received		**24,446**	8,850
Proceeds on disposal of property, plant and equipment		**227**	724
Purchases of property, plant and equipment		**(10,658)**	(17,072)
Acquisition of non-controlling interests		**(302)**	–
Purchases of intangible assets		**(35,519)**	(21,838)
Net cash outflow from acquisition of subsidiaries	*26*	**(150,293)**	–
Proceeds from disposal of a subsidiary		**2,000**	
(Advances to)/repayment of advances to related parties		**–**	173,402
Net cash (used in)/generated from investing activities		**(170,099)**	144,066
Financing activities			
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		**225**	1,525
Dividends paid to equity shareholders of the Company		**(58,078)**	–
Capital element of leases rentals paid	*19(c)*	**(11,304)**	(11,051)
Interest element of leases rentals paid	*19(c)*	**(3,351)**	(1,497)
Interests paid		**–**	(604)
Advances from related parties		**(1,991)**	6,083
Listing expense paid		**–**	(30,203)
Net cash (used in)/generated from financing activities		**(74,499)**	612,635
Net (decrease)/increase in cash and cash equivalents		**(65,790)**	992,916
Cash and cash equivalents at 1 January	*19(a)*	**1,105,530**	112,614
Cash and cash equivalents at 31 December	*19(a)*	**1,039,740**	1,105,530

The notes on pages 70 to 123 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, lifestyle services, commercial operational services and value-added services to non-property owners 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 2022 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates.

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(h))

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

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.

2 Significant accounting policies (continued)

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

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.

(c) Changes in accounting policies

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

- Amendments to IAS 16, *Property, plant and equipment: Proceeds before intended use*

- Amendments to IAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract*

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. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(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.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 Significant accounting policies (continued)

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

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.

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 associates 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) Associates

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(l)(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(l)(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 associates 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) Associates (continued)

In all other cases, when the Group ceases to have significant influence over associates, 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(g)).

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

(f) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see Note 2(l)(ii)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(g) 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.

2 Significant accounting policies (continued)

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

(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)).

– 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.

(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).

(h) Investment property

Investment properties are buildings which are owned or held under a leasehold interest (see Note 2(k)) 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)(ii).

2 Significant accounting policies (continued)

(i) Property, plant and equipment

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

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognised in profit or loss.

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.

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.

(j) Intangible assets (other than goodwill)

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(l)). 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:

– Customer relationship	10 years
– Software	3 years

Both the period and method of amortisation are reviewed annually.

2 Significant accounting policies (continued)

(j) Intangible assets (other than goodwill) (continued)

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.

(k) 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(i) and 2(l)(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)

(k) 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)(ii).

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(k)(i), then the Group classifies the sub-lease as an operating lease.

2 Significant accounting policies (continued)

(l) 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)

(l) 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.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 Significant accounting policies (continued)

(l) 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)(ii) 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)

(l) 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;

– goodwill;

– 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)

(l) 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(l)(i) and (ii)).

(m) 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.

A right to recover returned goods is recognised for the right to recover products from customers sold with a right of return. It is measured in accordance with the policy set out in Note 2(u)(i)(c).

(n) 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(o)).

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)(ii)).

2 Significant accounting policies (continued)

(o) 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(n)).

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(l)(i)).

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, property pre-sale proceeds held by solicitor that are held for meeting short-term cash commitments, 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(l)(i).

(q) 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.

(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.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

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(h), 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.

The Group is the principal for its revenue transactions and recognises revenue on a gross basis. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

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

(i) Revenue from contracts with customers

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

(a) 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.

(b) 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.

(c) Sale of goods

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

2 Significant accounting policies (continued)

(u) Revenue and other income (continued)

(ii) Revenue from other sources and other income

(a) 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.

(b) 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(l)).

(c) 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.

2 Significant accounting policies (continued)

(v) Translation of foreign currencies (continued)

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.

(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 associates or joint venture of the other entity (or associates 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 associates 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.

2 Significant accounting policies (continued)

(x) Related parties (continued)

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.

(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 judgements 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 27(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.

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(Expressed in RMB unless otherwise indicated)

3 Accounting judgements and estimates (continued)

(iii) Fair value assessment of the identified customer relationships and recognition of goodwill arising from the business combination

Significant judgements and estimates were involved in the fair value assessment of the identified property management contracts and customer relationships and the recognition of goodwill arising from a business combination. These significant judgements and estimates include the adoption of appropriate valuation methodologies and the use of key assumptions in the valuation (mainly gross profit margin, discount rate and expected useful life of the customer relationships). See Notes 12 and 26 for more details.

4 Revenue and segment reporting

(a) Revenue

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

(i) Disaggregation of revenue

	2022 RMB'000	2021 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
– Over time	**892,197**	695,285
– A point in time	**225,345**	207,359
Revenue from other sources		
– Rental income from investment properties	**21,347**	22,326
Total	**1,138,889**	924,970

For the year ended 31 December 2022, the Group's customer base is diversified and includes one customer which amounted to approximately RMB188,580,000 (2021: one customer which amounted to approximately RMB189,488,000) with whom transactions have exceeded 10% of the Group revenues.

(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 a 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.

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

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

- 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.

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 measured 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.

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(Expressed in RMB unless otherwise indicated)

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	Lifestyle services RMB'000	Commercial operational services RMB'000	Value-added services to non-property owners RMB'000	Total RMB'000
Year ended 31 December 2022					
Segment revenue	488,277	303,284	118,058	229,270	1,138,889
Segment gross profits	142,390	116,319	74,879	97,546	431,134
Unallocated corporate expenses					(164,714)
Profit before taxation					266,420

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

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5 Other net (expenses)/income

	2022 RMB'000	2021 RMB'000
Government grants (Note)	2,260	5,602
Valuation losses on investment properties	(17,659)	(9,261)
Net losses on disposal of property, plant and equipment	(227)	(724)
Others	8,478	5,648
Total	(7,148)	1,265

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 net

	2022 RMB'000	2021 RMB'000
Interest income from cash at bank and other financial institutions	24,446	8,844
Interest income from a related party	–	6
Interest on lease liabilities	(3,352)	(3,387)
Others	(1,589)	(1,444)
Total	19,505	4,019

(b) Staff costs

	2022 RMB'000	2021 RMB'000
Salaries, wages and other benefits	388,820	321,520
Contributions to defined contribution retirement plan	22,798	17,847
Total	411,618	339,367

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(Expressed in RMB unless otherwise indicated)

6 Profit before taxation (continued)

(c) Other items

	2022 RMB'000	2021 RMB'000
Amortisation of intangible assets (Note 14)	**8,862**	2,799
Depreciation charge of property, plant and equipment (Note 13)	**10,943**	9,961
Expected credit loss on financial assets		
– Trade receivables (Note 18)	**13,760**	2,824
– Prepayments, deposits and other receivables (Note 17)	**1,941**	370
Auditor's remuneration – audit related service	**2,950**	2,500
Auditor's remuneration – other services	**287**	76
Listing expenses	**–**	24,317
Expenses relating to short-term leases	**2,788**	2,266

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:

	2022 RMB'000	2021 RMB'000
Current tax – PRC Corporate Income Tax		
Provision for the year	**49,573**	26,762
Deferred tax		
Origination and reversal of temporary differences	**(4,763)**	4,440
Withholding tax in connection with the retained profits to be distributed by a subsidiary of the Group	**(669)**	5,131
	44,141	36,333

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:

	2022 RMB'000	2021 RMB'000
Profit before taxation	266,420	202,212
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned (Note (i))	66,605	55,684
Effect of PRC preferential tax (Notes (ii) and (iii))	(23,593)	(20,690)
Effect of non-deductible expenses	595	380
Effect of utilisation of tax losses previously not recognised	(581)	(317)
Effect of unrecognised tax losses	448	1,307
Others	667	(31)
Actual tax expense	44,141	36,333

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 2022 (2021: 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 2030.

(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 5% in certain years.

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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:

Name of directors	Year ended 31 December 2022 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	–	829	1,400	–	12	2,241
Non-executive Directors						
Zhang Minggui	–	–	–	–	–	–
Jiang Mengjun	–	–	–	–	–	–
Dong Li	–	–	–	–	–	–
Huang Kun	–	–	–	–	–	–
Independent non-executive directors						
Yan Lap Kei Isaac*	28	–	–	–	–	28
Kong Chi Mo**	192	–	–	–	–	192
Li Zhengguo	220	–	–	–	–	220
Cao Qilin	220	–	–	–	–	220
	660	829	1,400	–	12	2,901

Name of directors	Year ended 31 December 2021 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

* Mr. Yan Lap Kei Isaac, an independent non-executive Director and chairman of the audit committee of the Company, passed away on 16 February 2022.

** Mr. Kong Chi Mo ("Mr. Kong") has been appointed as an independent non-executive Director and the chairman of the audit committee of the Company with effect from 16 February 2022.

9 Individuals with highest emoluments

Of the five individuals with the highest emoluments, one (2021: one) is director who emolument is disclosed in Note 8. During the year ended 31 December 2022, the emoluments in respect of the other four individuals (2021: four) were as follow:

	2022 RMB'000	2021 RMB'000
Salaries and other emoluments	3,609	2,601
Discretionary bonuses	2,460	1,335
Retirement scheme contributions	61	49
	6,130	3,985

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

	2022	2021
Nil to HKD1,000,000	1	–
HKD1,000,001 to HKD2,000,000	3	4

10 Earnings per share

	2022 RMB'000	2021 RMB'000
Profits		
Profit attributable to equity shareholders of the Company	203,033	165,894

	2022 '000	2021 '000
Number of shares		
Weighted average number of ordinary shares	814,126	726,373

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 25, deemed to have been issued for the year ended 31 December 2021.

Diluted earnings per share were the same as the basic earnings per share as the Group had no dilutive potential shares in 2022 and 2021.

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11 Investment properties

	Car parks and business property – owned RMB'000	Commercial properties – leased RMB'000	Total RMB'000
Fair value			
At 1 January 2021	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
Acquisition	**25,600**	**–**	**25,600**
Change in fair value	**(184)**	**(17,475)**	**(17,659)**
At 31 December 2022	**54,834**	**49,775**	**104,609**

(a) Right-of-use assets

In 2022, the Group leased certain commercial properties located in mainland China including Kunming, Wenzhou and Chengdu, 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

11 Investment properties (continued)

(b) Fair value of properties (continued)

		Fair value as at 31 December 2022 RMB'000	Fair value as at 31 December 2021 RMB'000
Investment properties located in the PRC	*Level 3*	**104,609**	96,668

During the years ended 31 December 2021 and 2022, 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 2022. The valuations as at 31 December 2022 were carried out by two firms, Beijing Zhongwei Zhengxin Asset Evaluation Co.,Ltd. (中威正信(北京)資產評估有限公司) and Savills Valuation and Professional Services (China) Limited, with recent experience in the location and category of property being valued. The Group's management have discussion with the surveyors on the valuation assumptions and valuation methodology when the valuation is performed at each interim and annual reporting date.

The following table gives information about how the fair values of these investment properties are determined.

	Valuation techniques	Unobservable input	Range
Investment properties			
– Car parks	Market approach	Discount for lack of marketability	The higher the discount for lack of marketability, the lower the fair value
– Business property	Market approach	Discount for lack of marketability	The higher the discount for lack of marketability, the lower the fair value
– Commercial properties	Income approach	Expected future cash flow discount rate that correspond to the expected risk level	The lower the discount rate, the higher the fair value

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, and size.

11 Investment properties (continued)

(b) Fair value of properties (continued)

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 2022 RMB'000	At 31 December 2021 RMB'000
Within 1 year	18,827	24,778
After 1 year but within 2 years	19,632	27,749
After 2 years but within 3 years	3,605	28,761
After 3 years but within 4 years	3,771	4,078
After 4 years but within 5 years	3,945	4,078
Remaining years	13,346	25,416
	63,126	114,860

12 Goodwill

Movements of goodwill during the year are as follows:

	Total RMB'000
Cost:	
At 1 January 2021, 31 December 2021 and 1 January 2022	–
Arising on acquisition of subsidiary (Note 26)	133,415
At 31 December 2022	133,415
Accumulated impairment loss:	
At 1 January 2021, 31 December 2021 and 31 December 2022	–
Carrying amount:	
At 31 December 2022	133,415
At 31 December 2021	–

During the year ended 31 December 2022, the Group acquired a property management company Chengdu Mingyu Global Business Management Co., Ltd. (成都明宇環球商業管理有限公司) ("Chengdu Mingyu)". Total identifiable net assets of Chengdu Mingyu on acquisition date amounted to approximately RMB102,055,000. The excess of the consideration and the amount of the non-controlling interests in Chengdu Mingyu over the fair value of the identifiable net assets acquired amounted to approximately RMB133,415,000 is recognised as goodwill.

12 Goodwill (continued)

Impairment of cash-generating units containing goodwill

For the purpose of impairment testing of goodwill, goodwill is allocated to a group of CGU (being subsidiaries acquired in each acquisition, mainly in property service area). Such group of CGU represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

	2022 **RMB'000**	2021 RMB'000
Subsidiary in property service	**133,415**	–
	133,415	–

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 5% which is consistent with the forecasts included in industry reports. The growth rates used do not exceed the long-term average growth rates for the business in which the CGU operates. The cash flows are discounted using a discount rate of 13.69%. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

Based on the results of the above assessment, the Group determines that there is no impairment on goodwill as at 31 December 2022.

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13 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 2021	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**
Additions	**142**	**6,596**	**3,847**	**2,622**	**13,207**
Disposals	**(127)**	**(2,535)**	**(1,837)**	**(1,007)**	**(5,506)**
At 31 December 2022	**1,130**	**16,374**	**15,724**	**6,639**	**39,867**
Accumulated depreciation:					
At 1 January 2021	(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)**
Charge for the year	**(159)**	**(4,114)**	**(3,379)**	**(3,291)**	**(10,943)**
Written back on disposals	**117**	**1,551**	**946**	**971**	**3,585**
At 31 December 2022	**(855)**	**(9,583)**	**(10,990)**	**(4,477)**	**(25,905)**
Carrying amount:					
At 31 December 2022	**275**	**6,791**	**4,734**	**2,162**	**13,962**
At 31 December 2021	302	5,293	5,157	2,867	13,619

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Note 19(c) and Note 23, respectively.

14 Intangible assets

	Software RMB'000	Customer relationship RMB'000	Total RMB'000
Cost:			
At 1 January 2021	8,330	–	8,330
Purchased	21,838	–	21,838
At 31 December 2021	**30,168**	**–**	**30,168**
Arising on acquisition of subsidiaries (Note 26)	**–**	**63,700**	**63,700**
Purchased	**35,654**	**–**	**35,654**
At 31 December 2022	**65,822**	**63,700**	**129,522**
Accumulated amortisation:			
At 1 January 2021	(2,531)	–	(2,531)
Charge for the year	(2,799)	–	(2,799)
At 31 December 2021	**(5,330)**	**–**	**(5,330)**
Charge for the year	**(4,084)**	**(4,778)**	**(8,862)**
At 31 December 2022	**(9,414)**	**(4,778)**	**(14,192)**
Net book value:			
At 31 December 2022	**56,408**	**58,922**	**115,330**
At 31 December 2021	24,838	–	24,838

The amortisation charge for the year is included in "administrative expenses" amounted to RMB8,650,000 (2021: RMB1,819,000) and "cost of sales" amounted to RMB212,000 (2021: RMB980,000) in the consolidated statement of profit or loss and other comprehensive income.

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15 Investments 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
成都明宇環球商業管理有限公司 Chengdu Mingyu Global Business Management Co., Ltd. (Notes (i) and (ii))	The PRC	RMB5,000,000		51%	Property 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 Investments in subsidiaries (continued)

The following table lists out the information relating to Chengdu Mingyu Global Business Management Co., Ltd., the only subsidiary of the Group which has a material non-controlling interest ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

	2022 RMB'000
NCI percentage	49%
Current assets	109,811
Non-current assets	91,471
Current liabilities	(49,288)
Non-current liabilities	(84)
Net assets	151,910
Carrying amount of NCI	74,436
Revenue	117,499
Profit from continuing operations	38,992
Total comprehensive income	38,992
Profit allocated to NCI	19,106
Dividend paid to NCI	–

16 Interests in associates

Interest in associates 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) and 49% equity interests in Fuzhou Guoxinrui Beautiful City Operation Management Co., Ltd. (福建省福州市國新瑞美好城市運營管理有限公司), both are unlisted corporate entities. At 31 December 2022 and 2021, the changes represent share of the associate's profit or loss under equity method less dividends received.

Aggregate information of associates that are not individually material:

	2022 RMB'000	2021 RMB'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	2,148	1,441
Aggregate amounts of the Group's share of those associates'		
Profit/(losses) from continuing operations	13	(201)
Total comprehensive income	13	(201)

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

17 Prepayments, deposits and other receivables

	2022 RMB'000	2021 RMB'000
Deductible value-added tax	13,448	11,933
Prepayments	28,857	9,093
Receivables from tenants and staff	4,858	11,272
Deposits	19,792	9,584
Income tax recoverable	–	2,650
Other receivables	14,239	13,034
Less: Allowance for other receivables	(2,367)	(1,056)
	78,827	56,510

18 Trade receivables

	2022 RMB'000	2021 RMB'000
Trade receivables from related companies (Note 29(c))	106,678	49,833
Trade receivables from external customers	236,460	144,071
Less: Allowance for trade receivables	(18,379)	(4,619)
	324,759	189,285

(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:

	2022 RMB'000	2021 RMB'000
Within 1 year	303,785	183,241
1 to 2 years	19,087	4,342
2 to 3 years	1,832	1,321
3 to 4 years	55	381
	324,759	189,285

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 27(a).

18 Trade receivables (continued)

(b) Impairment of trade receivables

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

	2022 RMB'000	2021 RMB'000
At 1 January	**4,619**	1,795
Expected credit loss recognised	**13,760**	2,824
At 31 December	**18,379**	4,619

19 Cash and cash equivalents and other cash flow information

(a) Cash and cash equivalents comprise:

	2022 RMB'000	2021 RMB'000
Cash at bank	**1,039,356**	1,105,296
Cash on hand	**52**	39
Deposits in other financial institutions	**332**	195
	1,039,740	1,105,530

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

	Note	2022 RMB'000	2021 RMB'000
Profit before taxation		**266,420**	202,212
Adjustments for:			
Interest income	*6*	**(24,446)**	(8,850)
Interest expenses	*6*	**3,352**	3,978
Depreciation of property, plant and equipment	*13*	**10,943**	9,961
Amortisation of intangible assets	*14*	**8,862**	2,799
Valuation losses on investment properties	*5*	**17,659**	9,261
Expected credit loss on financial assets		**15,071**	3,194
Net (gains)/losses on disposal of property, plant and equipment	*5*	**227**	724
Share of (profits)/losses of an associate		**(13)**	201
Listing expenses		**–**	24,317
Changes in working capital:			
Decrease in inventories		**180**	32
Increase in trade receivables		**(106,127)**	(29,006)
Increase in prepayments, deposits and other receivables		**(10,543)**	(22,818)
(Decrease)/increase in contract liabilities		**(46,427)**	34,066
Increase in trade payables		**80,414**	28,135
(Decrease)/increase in other payables and accruals		**(5,965)**	19,595
Cash generated from operations		**209,607**	277,801

19 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.

	Lease liabilities RMB'000
At 1 January 2021	53,599
Changes from financing cash flows:	
Capital element of lease rentals paid	(11,051)
Interest element of lease rentals paid	(1,497)
Total changes from financing cash flows	(12,548)
Increase in lease liabilities from entering into new leases during the year	24,390
Interest expenses	3,387
At 31 December 2021 and 1 January 2022	**68,828**
Changes from financing cash flows:	
Capital element of lease rentals paid	**(11,304)**
Interest element of lease rentals paid	**(3,351)**
Total changes from financing cash flows	**(14,655)**
Increase in lease liabilities from entering into new leases during the year	**8,185**
Interest expenses	**3,352**
At 31 December 2022	**65,710**

20 Trade payables

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

	2022 RMB'000	2021 RMB'000
Within 1 year	137,450	66,183
1 to 2 years	22,532	4,714
2 to 3 years	1,466	102
Over 3 years	416	788
	161,864	71,787

21 Other payables and accruals

	2022 RMB'000	2021 RMB'000
Other taxes and charges payable	19,313	16,585
Accrued payroll and other benefits	44,636	16,522
Deposits	68,555	62,140
Receipts on behalf of residents/tenants	62,953	85,967
Consideration payable	18,014	–
Other payables and accruals	10,204	5,389
	223,675	186,603

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

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

22 Contract liabilities

	2022 RMB'000	2021 RMB'000
Billings in advance of performance		
– Related companies	12,619	36,666
– External customers	145,679	159,106
	158,298	195,772

Movements in contract liabilities were as follows:

	2022 RMB'000	2021 RMB'000
Balance at 1 January	195,772	161,706
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year	(192,738)	(153,582)
Increase by cash received	155,264	187,648
Balance at 31 December	158,298	195,772

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 RMB1,474,000 as at 31 December 2022 (31 December 2021: RMB3,034,000).

23 Lease liabilities

At 31 December 2022, the lease liabilities were repayable as follows:

	2022 RMB'000	2021 RMB'000
Within 1 year	4,903	8,472
After 1 year but within 2 years	26,784	4,791
After 2 years but within 5 years	32,087	55,069
After 5 years	9,692	12,784
	73,466	81,116
Less: total future interest expenses	7,756	12,288
Present value of lease liabilities	65,710	68,828

24 Income tax in the consolidated statement of financial position

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

	2022 RMB'000	2021 RMB'000
PRC Corporate Income Tax		
At 1 January	(2,650)	12,174
Charged to profit or loss (Note 7)	49,573	26,762
Payments during the year	(30,799)	(41,586)
At 31 December	16,124	(2,650)

Reconciliation to the statements of financial position

	2022 RMB'000	2021 RMB'000
Income tax recoverable (Note 17)	–	2,650
Current taxation payable	16,124	–

(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	Intangible assets arising from acquisitions	Cumulative tax losses RMB'000	Retained profits to be distributed RMB'000	Total RMB'000
At 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 and 1 January 2022	(866)	2,031	–	(1,583)	5,131	4,713
Business Combination	–	–	11,827	–	–	11,827
(Credited)/charged to profit or loss	(2,449)	(2,714)	(1,526)	362	(669)	(6,996)
At 31 December 2022	(3,315)	(683)	10,301	(1,221)	4,462	9,544

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

(b) Deferred tax assets and liabilities recognised: (continued)

(ii) Reconciliation to the consolidated statement of financial position

	2022 RMB'000	2021 RMB'000
Net deferred tax asset recognised in the consolidated statement of financial position	**6,742**	2,779
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(16,286)**	(7,492)
	(9,544)	(4,713)

(c) Deferred tax assets not recognised

	2022 RMB'000	2021 RMB'000
Unrecognised tax losses	**4,420**	6,188

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 RMB4,420,000 as of 31 December 2022 (31 December 2021: RMB6,188,000), 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:

	2022 RMB'000	2021 RMB'000
2023	**2**	2
2024	**2**	2
2025	**848**	848
2026	**1,741**	5,336
2027	**1,827**	–
	4,420	6,188

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

25 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 1 January 2022	6,741	750,036	5,567	762,344
Change in equity for 2022:				
Cash dividends and profits payable	–	(52,963)	–	(52,963)
Balance at 31 December 2022	6,741	697,073	5,567	709,381

(b) Dividends

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

	2022 RMB'000	2021 RMB'000
Final dividend proposed after the end of the reporting period of RMB0.12 (2021: RMB0.071) per ordinary share	**97,695**	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) Dividend of RMB58,058,000 have been declared and paid to the equity shareholders of the Company in 2022.

(Expressed in RMB unless otherwise indicated)

25 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.

Issued share capital

Ordinary shares, Issued and fully paid	No. of shares	RMB
At 1 January 2021	100	1
Issuance of shares	9,900	83
Capitalisation issue	599,990,000	4,967,557
Issuance of ordinary shares upon initial public offering	200,000,000	1,655,880
Partial exercise of over-allotment option	14,126,000	117,455
At 31 December 2021, 1 January 2022 and 31 December 2022	814,126,000	6,740,976

(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. Under the Companies Law of the Cayman Islands, the share premium account of the Company is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company would be in a position to pay off its debts as they fall due in the ordinary course of business.

(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.

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

(d) Nature and purpose of reserves (continued)

(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 utilised, 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.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

26 Business combinations

In April 2022, the Group acquired 51% equity interest of Chengdu Mingyu from a third party and obtained control of Chengdu Mingyu. Chengdu Mingyu is engaged in the provision of property management services. The business combinations were made as part of the Group's strategy to expand its market share of property management operation in the PRC.

The following summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	Note	Fair Value RMB' 000
Investment properties		25,600
Property and equipment		858
Intangible asset	*(i)*	63,835
Interests in associates		805
Deferred tax assets		414
Inventories		276
Prepayments, deposits and other receivables		12,804
Trade receivables		44,417
Cash and cash equivalents		11,833
Trade payables		(9,663)
Other payables and accruals		(25,978)
Contract liabilities		(8,953)
Current taxation		(2,765)
Lease liabilities		(564)
Deferred tax liabilities		(10,864)
Total net identifiable assets acquired		102,055
Non-controlling interest	*(ii)*	(55,330)
Fair value of net identified assets acquired, net of non-controlling interests		46,725
Goodwill		133,415
Total consideration		180,140

Notes:

(i) The Group recognises an intangible asset, being the identified customer relationships of approximately RMB63,700,000, after the acquisition (Note 14).

(ii) The Group recognises the non-controlling interests in the acquired entity at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

26 Business combinations (continued)

Net cash outflow arising from the acquisition is as follows:

	RMB' 000
Partial settlement of cash consideration	162,126
Less: cash of subsidiary acquired	11,833
	150,293

The Group incurred transaction costs of RMB814,000 for the acquisitions. These transaction costs have been expensed and included in administrative expense in the consolidated statement of profit or loss and other comprehensive income.

Included in the profit for the year ended 31 December 2022 was a net profit of RMB38,992,000 attributable to the business combinations of Chengdu Mingyu. Revenue of Chengdu Mingyu included in the Group's revenue for the year ended 31 December 2022 amounted to RMB117,499,000. If the business combinations had occurred on 1 January 2022, management estimates that consolidated revenue would have been RMB1,171,740,000, and consolidated profit for the year would have been RMB227,952,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of business combinations would have been the same if the business combinations had occurred on 1 January 2022.

27 Financial risk management

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, prepayment, 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.

27 Financial risk management (continued)

(a) Credit risk (continued)

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.

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 2021 and 2022.

	At 31 December 2022		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
within 1 year	**1.56%**	**308,592**	**(4,807)**
1-2 years	**33.77%**	**28,819**	**(9,732)**
2-3 years	**53.24%**	**3,918**	**(2,086)**
3 to 4 years	**95.58%**	**1,244**	**(1,189)**
over 4 years	**100.00%**	**565**	**(565)**
		343,138	**(18,379)**

	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)

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.

27 Financial risk management (continued)

(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.

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 2022					
	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	161,864	–	–	–	161,864	161,864
Other payables and accruals	223,675	–	–	–	223,675	223,675
Lease liabilities	4,903	26,784	32,087	9,692	73,466	65,710
Due to related companies	4,135	–	–	–	4,135	4,135
	394,577	26,784	32,087	9,692	463,140	455,384

	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

27 Financial risk management (continued)

(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 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.

28 Contingent assets and liabilities

The Group did not have any material contingent liabilities as at 31 December 2022 (31 December 2021: nil).

29 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:

	2022 RMB'000	2021 RMB'000
Short-term employee benefits	**8,299**	6,129
Post-employment benefits	**73**	61
	8,372	6,190

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

29 Material related party transactions (continued)

(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	2022 RMB'000	2021 RMB'000
Provision of property management services and other services		
– Companies controlled by the Ultimate Owners	220,319	192,759
– Associate of companies controlled by the Ultimate Owners	71,381	93,962
Purchase of goods and receiving services and cost sharing		
– Companies controlled by the Ultimate Owners	11,397	5,334
Purchase of properties		
– Companies controlled by the Ultimate Owners	–	12,189
Interest income		
– Companies controlled by the Ultimate Owners	–	6

(c) Balances with related parties

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

	2022 RMB'000	2021 RMB'000
Trade receivables		
– Companies controlled by the Ultimate Owners	106,678	49,833
Trade payables		
– Companies controlled by the Ultimate Owners	5,425	1,436
Contract liabilities		
– Companies controlled by the Ultimate Owners	12,619	36,666
Amounts due to related companies		
– Companies controlled by the Ultimate Owners	4,135	6,126

Amounts due to related parties as at 31 December 2022 are all trade nature, unsecured and interest-free.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

30 Company-level statement of financial position

	Note	**2022 RMB'000**	2021 RMB'000
Non-current asset			
Interests in subsidiaries		**114,803**	114,803
Total non-current asset		**114,803**	114,803
Current assets			
Due from subsidiaries		**589,124**	640,181
Cash and cash equivalents		**5,454**	7,360
Total current assets		**594,578**	647,541
NET ASSETS		**709,381**	762,344
CAPITAL AND RESERVES			
Share capital	*25(c)*	**6,741**	6,741
Reserves		**702,640**	755,603
TOTAL EQUITY		**709,381**	762,344

(Expressed in RMB unless otherwise indicated)

31 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2022

Up to the date of issue of these financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2022 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
IFRS 17, *Insurance contracts*	1 January 2023
Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current*	1 January 2023
Amendments to IAS 1, *Presentation of financial statements* and IFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*	1 January 2023
Amendments to IAS 8, Accounting policies, changes in accounting estimates and errors: *Definition of accounting estimates*	1 January 2023
Amendments to IAS 12, *Income taxes*: *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.

32 Immediate parent and ultimate parent

At 31 December 2022, the directors consider the immediate parent of the Group to be Golden Rose Developments Limited, which is incorporated in 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

	2018 RMB'000	2019 RMB'000	2020 RMB'000	2021 RMB'000	**2022** **RMB'000**
Revenue	257,964	380,543	588,263	924,970	**1,138,889**
Gross profit	109,929	159,504	247,372	376,690	**431,134**
Gross profit margin	42.60%	41.90%	42.10%	40.70%	**37.9%**
Profit before taxation	51,785	77,157	132,598	202,212	**266,420**
Income tax expense	10,727	13,116	22,828	36,333	**44,141**
Profit for the year	41,058	64,041	109,770	165,879	**222,279**

	2018 RMB'000	2019 RMB'000	2020 RMB'000	2021 RMB'000	**2022** **RMB'000**
Non-current assets	43,120	55,191	103,636	139,375	**376,236**
Current assets	536,879	1,262,635	487,540	1,351,592	**1,443,689**
Current liabilities	194,735	372,337	396,996	468,760	**568,999**
Net current assets	342,144	890,298	90,544	882,832	**874,690**
Total assets less current liabilities	385,264	954,489	194,180	1,022,207	**1,250,926**
Non-current liabilities	16,516	522,255	48,882	67,848	**77,093**
Total equity of the Company	368,748	423,234	145,298	954,359	**1,173,833**