Excellence

卓越商企服務集團有限公司
EXCELLENCE COMMERCIAL PROPERTY & FACILITIES MANAGEMENT GROUP LIMITED

(Incorporated in the Cayman Islands with Limited Liability)

Stock Code: 6989

2021
ANNUAL REPORT

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Corporate Information

DIRECTORS

Executive Directors

Mr. Li Xiaoping *(Chairman)*
Ms. Guo Ying

Non-executive Directors

Mr. Wang Dou
Mr. Wang Yinhu

Independent non-executive Directors

Mr. Huang Mingxiang
Mr. Kam Chi Sing
Ms. Liu Xiaolan

COMPANY SECRETARIES

Mr. Li Yijun
Ms. Chan Tsz Yu

AUDIT COMMITTEE

Mr. Kam Chi Sing *(Chairman)*
Mr. Wang Dou
Mr. Huang Mingxiang
Ms. Liu Xiaolan

REMUNERATION COMMITTEE

Mr. Huang Mingxiang *(Chairman)*
Mr. Li Xiaoping
Mr. Kam Chi Sing
Ms. Liu Xiaolan

NOMINATION COMMITTEE

Mr. Li Xiaoping *(Chairman)*
Mr. Huang Mingxiang
Mr. Kam Chi Sing
Ms. Liu Xiaolan

STRATEGY & ESG COMMITTEE

Mr. Li Xiaoping *(Chairman)*
Ms. Guo Ying
Mr. Wang Yinhu
Ms. Liu Xiaolan

AUTHORIZED REPRESENTATIVES

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Ms. Chan Tsz Yu

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Corporate Information

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INVESTOR RELATIONS

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Chairman's Statement

To shareholders:

The year of 2021 witnessed the accelerated rise of commercial property service and management sector. Benefiting from the continuing support from the policy side, the property management industry has experienced rapid development and steady growth. On the other hand, under the "Three Red Lines" and other policies in the real estate industry, the financing side of real estate enterprises has been tightened, and the growth of the real estate development industry slowed down. Under such circumstances, the property management structure which mainly focuses on residential properties, as well as the area-driven growth model, is subject to adjustment. In the wake of a round of high leverage and high growth, the growth rates of the real estate development industry and the relevant residential property management service has moderated, and a correction is expected.

Overall, commercial property represents the most rational, market-oriented and counter-cyclical property in the property management arena. From the perspective of customer base, commercial property services mainly target at property owners, industrial and commercial enterprises and institutions. Specifically, industrial and commercial enterprises mainly cover high-tech, Internet, finance, manufacturing and service sectors as well as some urban institutions including, amongst others, government agencies, schools and hospitals. Over the past year, listed property management companies have increased their investment, mergers and acquisitions in the field of commercial property management. In terms of the open market, according to the data of the China Indices Academy, as of December 2021, based on the bidding statistics of the property industry, commercial properties accounted for 45% of the total third-party market expansion in the industry, which was approximately 3.5 times of the third-party market expansion of residential properties. In terms of the capital market, the valuation of commercial properties is likely to be the first to restore with promising future. As marketisation empowers the higher flexibility in price hikes of enterprise in this industry, high-end services provided by enterprises and the higher proportion of revenue from strategic large corporate customers lead to stronger anti-cyclical capability, while the lower proportion of residential properties ensures the operational independence and sound financial position.

With the expansion of leading property management companies into the commercial property sector, the reshuffle of the sector has commenced. Relevant enterprises are racing to establish their own brands and expand their business, striving to differentiate themselves from their peers. With the increasing influence of China, the high-quality development of the domestic economy, the accelerating urbanisation and urban renewal, the Chinese market is calling for local commercial property brands with international competitiveness. As a leading commercial property service operator in China, the Group has been focusing on and deeply cultivating the commercial property field in its development of more than two decades, focusing on providing property and comprehensive facility management services for commercial properties as well as various workplaces and public buildings and facilities for enterprises. Committed to providing customers with asset maintenance and full-chain service solutions throughout the life cycle and drawing upon its professional capabilities and innovation capabilities, the Company strives to deliver higher real estate value returns to customers and help companies bring their business vision into reality.

Chairman's Statement

The Group is committed to extending the useful life of commercial assets, reducing depreciation costs and minimising operating expenses, so as to achieve the goal of maintaining and increasing the value of assets, thereby attracting and retaining high-quality tenants or corporate talents. After more than two decades' focus and in-depth cultivation in the commercial property arena, the Group has developed a set of business logic and service system recognised by many well-known enterprises, and has won the recognition of and carried out cooperation with various leading corporate customers.

Despite the aforesaid advantages and barriers of commercial properties, relatively speaking, the capital market has not deeply understood the market-oriented non-residential property management arena. The characteristics of the arena have determined its rational growth at an appropriate speed and the stable and controllable capital expenditure. In this context, the Board recommends adopting a high-proportion dividend payout policy to create stable and predictable returns for all shareholders, thereby demonstrating our corporate value. Therefore, the Board recommends a dividend payout ratio of 70% for the full year of 2021. At the same time, the Board also recommend that the annual dividend payout ratio for each of the next three years should not be lower than 50%.

Looking ahead, in the context of favourable operating environment, the Group will maintain its strategic strength, adhere to internationally standardised and professional full life cycle and full chain value services, stay committed to user thinking and customised service innovation, and continue to sharpen its competition edges and enhance its brand influence, striving to create sustainable value for all shareholders.

Li Xiaoping
Chairman

Hong Kong, 28 March 2022

Management Discussion and Analysis

I. BUSINESS OVERVIEW

PRINCIPAL ACTIVITIES OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2021 ("THE REPORTING PERIOD")

(I) Principal Activities of the Group During the Reporting Period

The Group is a leading commercial real estate service operator in China, which is dedicated to the provision of customized one-stop comprehensive operation and management services for customers and offers full-life cycle asset maintenance and full-chain overall service solutions.

With its management experience accumulated over nearly two decades, the Company has formed a complete comprehensive commercial property service model:

Focusing on commercial properties as its primary development path to achieve a diversified combination of full range of businesses covering high-end commercial office buildings, commercial complexes, high-tech industrial parks, government buildings and residential apartments. The Company offers real estate consulting, asset operation and management, equipment and facilities management, comprehensive administrative logistics and other services. The Company has expanded value-added business to help profit growth, innovates high-end business services, focused on the development and practice of commercial real estate, and developed a complete business chain of real estate life-cycle operation management services, striving to achieve the management goal of preserving and increasing its assets value. The Company has also established new pilot projects for medical services, urban services and government building services, in an effort to enhance overall competitive edges and accelerate business development by promoting the Company's large-scale operation through merger and acquisition ("**M&A**") and cooperation.

During the reporting period, the Company has contracted Gross Floor Area ("**GFA**") of more than 56.8 million sq.m., with business coverage spanning 2 countries, 18 provinces, and 521 management projects in 50 first-tier and regional key cities. Riding on its professional services and innovative mechanisms, the Company endeavours to establish an ecosystem where people, enterprises and real estate grow together, thus creating a leading commercial real estate service operation platform in China.

Management Discussion and Analysis

1. *Comprehensive Property Management Services*

The comprehensive property management service business includes commercial property management (PM high-end commercial office buildings and FM comprehensive business parks), public properties and residential apartments.

(1) *Commercial Real Estate Management:*

- PM Commercial Office Services

  The Company serves a large number of CBD landmark office buildings and high-tech enterprises and offers various services ranging from early intervention, marketing management, equipment selection to acceptance inspection, equipment and facility management, smart platform construction, space management, investment leasing, business management and more.

  Signature projects: Shenzhen CES Building, Shenzhen Centre, Shenzhen Excellence Times Square, Wuhan ICC International Trade Centre

- FM Facility Management Services

  The Company mainly provides customised solutions for facility management to industrial and commercial corporate customers which are engaged in high-tech, Internet, finance, industrial manufacturing, warehousing and logistics parks and other industries. The customers we serve are mainly Fortune 500 companies and high-tech enterprises.

  We create a customised model of comprehensive property services for enterprises, and our services include:

  Facility and equipment operation and maintenance services, through which we formulate scientific preventive maintenance strategies to ensure the safety and stability of equipment operation, build an E+FM smart cloud platform, establish an IT system for hardware integration of facilities and equipment and FM management and apply the same to operation and maintenance indicators and management systems, so as to realize intelligent management and monitoring of the entire life cycle of equipment and achieve both operating cost control and risk control. Environmental services, through which we select advanced cleaning service tools, equipment and products to meet user service requirements. Security services, through which we ensure personal, property and information security, and enhance customers' sense of security and efficient experience. Administrative services, through which we support hotline service, home moving, shuttle bus, sports venue management and event assurance.

  Signature projects: Huawei Beijing, Huawei Suzhou Research Institute, Shenzhen OPPO Headquarters

Management Discussion and Analysis

(2) *Public Property Services*

The major customers of our public property services include government authorities, educational institutions, medical institutions, urban services and other functional bodies, and we offer a full range of public business operation service solutions. In addition to basic property services, special services are provided for various public projects, such as venue special services which provide humanistic experience service, intelligent energy saving and cultural resource management; medical and nursing special services which provide hospital sense of safety, epidemic prevention and control, clinical support, etc.; and special transportation services which provide city window creation, service area operation and customer experience.

The Company has continuously improved its business capabilities in the field of government public construction property services in a professional, internationalisation-oriented, innovative and technical manner, and provides users with detailed and comfortable experiences by offering intelligent, safe, efficient and convenient services, thereby working together to provide better public services.

(3) *Residential Property Services*

Relying on its 25 years of real estate development experience, Excellence Group has developed high-end residential buildings in many cities across China and established standardised procedures for high-end residential community property services, including pre-intervention and takeover acceptance, owner occupancy management, decoration management, customer management, environmental management, equipment and facilities maintenance, order maintenance, fire management and other systematic services.

The Company spearheaded to introduce international service standards and launched "Five-heart" butler ("五心"管家) services and "Committed Home Building" ("全程築家") services to tap into the needs of owners and establish a one-stop service station, thus striving to build residential property services with high satisfaction and high intelligence.

Signature projects: Shenzhen Cote d'Azur (深圳蔚藍海岸), Shenzhen Queen's Road (深圳皇后道), Shenzhen Excellence Victoria Harbour (深圳卓越維港) and Hangzhou Blue Show (杭州蔚藍領秀)

Management Discussion and Analysis

2. *Value-added Services*

Drawing upon the Excellence Group's advantages in real estate development, the Group has integrated the resources of the Group's back-end service business modules. The Group has gone deep into customer sites over the years by relying on basic properties, constantly gained insight into customers' needs, listened closely to customers' voices, and perceived their continuous extension and changes of business methods and lifestyles at present and in the future, aiming at establishing a full line of customer-specific services and redefining the value standard of commercial properties.

(1) *Asset Services*

Commercial property consulting services: the Group provides preliminary property consulting services, pre-intervention in project planning and design, construction management and acceptance handover cost accounting to meet customer expectations for use functions, improve post-property operation efficiency and avoid operational risks.

Space management: the Group uses the interior and exterior space of buildings to attract investment and operate, and to create a space operation ecosystem. Combining on-site usage with customers' future needs, the Group plans the space use design in advance to improve the effective utilisation of space.

Leasing/Transfer: the Group provides customers with professional leasing and second-hand housing asset management services, and provides whole-process leasing value-added services to ensure maximised property occupancy rates and asset investment returns.

(2) *Corporate Services*

The Company's unique "one-stop service OTS for corporate comprehensive administration and logistics" provides high-standard business office one-stop supporting services for high-tech and Fortune 500 companies, including general office services, VIP services, conference services, high-end customised services, business event planning, corporate administrative procurement on behalf of customers and other diversified solutions.

In 2021, the Group received nearly 3 million visitors on behalf of customers and provided over 10,000 business receptions for corporate customers, including more than 50 receptions of state-level dignitaries.

Management Discussion and Analysis

(3) Construction and Mechanical and Electrical Services

Cooperating with its subsidiaries Shenzhen Shenghengda Electrical Equipment Co., Ltd., the Company has developed the "green & smart electromechanical" special service, built a community ecosystem by integrating the comprehensive "hardware + software + platform + service" solution, and achieved systematic development across multiple sectors, thus defining a large electromechanical ecosystem and driving performance growth by capturing technology and green opportunities.

(4) Other Professional Services

Business Environment Services: the business modules the Company provide for enterprises include daily cleaning, greening maintenance, disinfection, exterior wall cleaning, etc. The Company committed to the extension of characteristic environmental value-added services, and launched a comprehensive environmental value-added service with high standards and high efficiency, including package for customer unit cleaning service, professional stone maintenance, high-end furniture care and other professional cleaning services. With rich practical experience, professional technical equipment, professional cleaner, imported professional materials, customers of the Company can enjoy a more professional, flexible, high-quality and environmentally friendly value-added cleaning service.

Real Estate Co-marketing Services: approximately 100 real estate co-marketing projects are undertaken by the Company, including provide pre-intermediary to the field of residential development projects, preparatory services to the filed, scene activity planning and coffee break services, and providing personalized solutions to filed service for real estate companies.

3. Joint Venture and M&A

Drawing upon 20 years of successful experience in the field of high-end commercial property services, the Group focuses on the development and reform of real estate business services, and adopts a two-pronged strategy of organic growth and M&A. The Company has resolved to follow the development path of achieving nationwide business presence, securing regional development platform, improving competitive industrial chain and building industry competitive advantage through the "equity partnership" model.

Management Discussion and Analysis

Different from the "package" wholly-owned acquisition model, the Company attaches greater importance to long-term cooperation and common development with the original shareholders. Under the diversified cooperation methods including acquisition of controlling rights and establishment of joint ventures with partners for joint operation, advanced management concepts and mature management systems are exported to the cooperative companies to standardise management, improve efficiency and break the development bottleneck of the cooperative companies, thereby promoting the development and growth of the cooperative company together with original shareholders.

The Company is currently joining hands with Huangjin Property to share resources and achieve win-win cooperation for sustainable development.

(II) Industry Landscapes

1. *Industry situation*

The year of 2021 marked the 40th anniversary of the development of the property management industry. China successively released positive signs at the policy level, and relevant departments successively issued a number of policy documents to continuously promote the development of the industry. In 2021, the Company captured market opportunities to strengthen our leading edge in the commercial property market, and continued to expand our management scale in office buildings and commercial complexes as well as corporate buildings and office R&D parks. Sticking to the national policy favoring high-tech enterprises and Internet enterprises, we expanded property projects of these enterprises under the key account management model, including new and existing headquarters and R&D industrial parks, and have delivered remarkable results.

2. *Position in the Industry and Market Evaluation*

Established in October 1999, the Group is a holder of the national first-class property management qualification, and an executive director unit of China's property management industry. As a leading enterprise in the field of commercial property services in China, the Group has been intensively developing the field of commercial property services for over two decades, and has continuously innovated intelligent means through its in-depth understanding of the major market areas of property services and customer needs. While providing customers with professional basic management services, it offers customers with overall solutions for customised real estate full-life cycle services and full-chain comprehensive facility management services so as to achieve users' comprehensive value expectations. At present, the Group provides services for a number of Fortune 500 companies including many well-known high-tech, Internet and financial enterprises, and has successfully established itself as an international high-end business enterprise real estate operation service provider, which has been well received and unanimously recognised by the industry.

Management Discussion and Analysis

(III) Performance Overview

In 2021, with the unremitting efforts of all staff of the Company, the Company achieved remarkable operating results, mainly represented by the rapid growth of operating income and profit, the continuous improvement of profit margins and the increase in the proportion of value-added services.

Of the Company's total revenue by business type in 2021, commercial properties, public properties, residential properties and value-added services accounted for 56.6%, 10.1%, 9.2% and 22.5%, respectively.

In 2021, the Company's operating income reached RMB3,467.1 million with a year-on-year growth of 37.3%, of which the basic property service income from third parties accounted for 60.7% and posted a gross profit of RMB959.6 million, with an annual growth rate of 44.6%; and the comprehensive gross profit rate was 27.7%, representing an increase of 1.4 percentage points as compared with 2020. Net profit attributable to the parent company amounted to RMB510.1 million, up by 57.0% year-on-year; and net profit margin was 15.8%, representing an increase of 1.7 percentage points over 2020.

1. *Continued High-quality Growth in Business Scale*

Adhering to the goal of rapidly expanding management scale, the Group has achieved rapid growth in contracted GFA and GFA under management by virtue of multiple driving forces. For the year ended 31 December 2021, our contracted GFA was approximately 56.8[(Note 2)] million sq.m., representing an increase of approximately 26.9% for the year ended 31 December 2020, with 558 [(Note 4)] contracted projects. For the year ended 31 December 2021, the GFA under management amounted to approximately 41.2 million sq.m.[(Note 3)], with 521[(Note 4)] projects under management, representing an increase of approximately 28.7% and 28.3%, respectively, as compared to those as at 31 December 2020.

The following table sets forth the changes in GFA under management for the years ended 31 December 2021 and 2020, respectively.

	2021 **sq.m.'000**	2020 sq.m.'000
At the beginning of the period	**32,018**	23,529
New engagements	**11,091**	8,822
New acquisitions	**–**	–
Terminations	**(1,490)**	(333)
Disposal	**(4,984)**	–
At the end of the period	**36,635**[(Note 1)]	32,018

Note 1: 36.6 million sq.m. excludes 5.0 million sq.m., which was managed by the Group for most of the year and terminated with the sale of subsidiaries on 22 December 2021.

Management Discussion and Analysis

Note 2: included the 5.8 million sq.m., which was managed by the Group for most of the year and was terminated on 22 December 2021 as a result of disposal of subsidiaries, for comparison.

Note 3: included the 4.6 million sq.m. (5.0 million sq.m. is calculated according to the Group's management time-weighted), which was managed by the Group for most of the year and was terminated on 22 December 2021 as a result of disposal of subsidiaries, for comparison.

Note 4: included 115 projects, which was managed by the Group for most of the year and was terminated on 22 December 2021 as a result of disposal of subsidiaries, for comparison.

2. *Strategic Upgrade of Geographical Distribution*

Since the establishment of the Group, our business has expanded from Shenzhen to 50 cities in China as at 31 December 2021. Most of these cities are located in the most economically developed Greater Bay Area, Yangtze River Delta Region and regional key cities in China.

The following table sets out the total GFA under management as at the dates indicated and a breakdown of the total revenue from property management services by geographical area for the years ended 31 December 2021 and 2020, respectively.

	For the year ended 31 December							
	2021				2020			
	GFA under management (sq.m.'000)	Proportion of the GFA (%)	Revenue (RMB'000)	Proportion of the revenue (%)	GFA under management (sq.m.'000)	Proportion of the GFA (%)	Revenue (RMB'000)	Proportion of the revenue (%)
Greater Bay Area[1]	17,771	43.1	1,464,363	55.7	13,386	41.8	1,199,233	56.8
Yangtze River Delta Region[2]	9,392	22.8	580,754	22.1	8,144	25.4	442,051	20.9
Other regions[3]	14,040	34.1	585,635	22.3	10,488	32.8	469,704	22.3
Total[4]	41,203	100	2,630,752	100.0	32,018	100.0	2,110,988	100.0

Notes:

(1) Cities in which we provided property management services to properties in the Greater Bay Area including Shenzhen, Guangzhou, Zhuhai, Huizhou, Dongguan and Zhongshan, etc.

(2) Cities in which we provided property management services to properties in the Yangtze River Delta Region including Shanghai, Nanjing, Hangzhou, Suzhou, Jiaxing, Yangzhou, Nantong, Wuxi and Taizhou, etc.

Management Discussion and Analysis

(3) Cities in which we provided property management services to (i) properties in the other regions in China, including Beijing, Xi'an, Qingdao, Zhengzhou, Chongqing, Chengdu, Wuhan, Tianjin, Jinan, Shijiazhuang, Changsha, Fuzhou, Nanchang, Jinjiang; and (ii) projects in India.

(4) the GFA under management and the related revenue for the financial year ended 31 December 2021 included the contribution from the GFA of 4.6 million sq.m. (5.0 million sq.m. is calculated according to the Group's management time-weighted), which was managed by the Group for most of the year and was terminated on 22 December 2021 as a result of disposal of subsidiaries.

3. *Continued Improvement in Profitability*

The Group will continue to seek healthy and stable profitability of the basic property management services by persistently pursuing management efficiency improvement and increasing project density in target cities and other measures. The breakdown of the gross profit margin of the Group in 2021 and 2020 is as follows:

	2021	2020
	%	%
Gross profit margin		
Commercial properties	**25.5**	27.9
– Projects developed by Excellence Group	**45.0**	47.3
– Projects developed by third parties	**14.2**	16.2
Public and industrial properties	**13.8**	14.8
Residential properties	**17.0**	11.2
Total	**22.9**	24.1

4. *Highly Scalable Development Path Powered by the Two-pronged Strategy*

The Company has rich experience in commercial real estate management and brand awareness. The business sectors under our management covers high-end commercial office buildings, commercial complexes, high-tech industrial parks, government buildings and residential apartments, etc.

Commercial real estate management is our core business. In 2021, we captured market opportunities to strengthen our leading edge in the commercial property market, and continued to expand our management scale in commercial office buildings and commercial complexes as well as industrial, commercial and high-tech parks. In 2021, the revenue from commercial properties increased by 25.5% as compared to the same period in 2020.

Management Discussion and Analysis

The commercial property projects developed by the Excellence Group act as the anchor of our property management portfolio. The core location layout and high-end product positioning lay a solid foundation for establishing a good brand image and cultivating a talent pipeline. The projects developed by the Excellence Group will become the cornerstone for our stable growth. In 2021, the revenue from commercial properties developed by Excellence Group increased by 22.3% as compared to the same period in 2020.

In 2021, the Company's core competitive strengths boosted its continuous expansion of the commercial business. The Group continued to consolidate its leading position in the third-party market expansion in terms of commercial property management. We observed the tremendous value of commercial buildings as centres for resource integration and information exchange with the advent of the digital era. Sticking to the national policy favoring high-tech enterprises and Internet enterprises, we expanded property projects of these enterprises in a key account management model, including new and existing headquarters and R&D industrial parks, and have achieved excellent results. Attentive property services are provided to our customers so that they can focus on their main businesses in a good office environment. In 2021, the revenue from commercial property management developed from third-party markets increased by 27.4% as compared to the same period in 2020.

As a key part of our diversified businesses, public properties help increase our regional project density and ability to expand its offerings for government buildings. In 2021, the revenue from public properties increased by 7.1% as compared to the same period in 2020.

In terms of residential apartment business, as the real estate development volume of Excellence Group grows, we mainly provide services for high-end residential buildings in many cities across China, which is a stable source of our projects. In 2021, the revenue from residential properties increased by 44.6% as compared to the same period in 2020.

	For the year ended 31 December 2021				For the year ended 31 December 2020			
	GFA under management		Revenue		GFA under management		Revenue	
	(sq.m.'000)	(%)	(RMB'000)	(%)	(sq.m.'000)	(%)	(RMB'000)	(%)
Commercial properties	17,932	43.5	1,961,514	74.6	16,671	52.1	1,563,195	74.1
– Excellence Group	2,906	7.1	718,459	27.3	2,878	9.0	587,576	27.9
– Third-party property developers	15,026	36.4	1,243,055	47.3	13,793	43.1	975,619	46.2
Public and industrial properties	9,248	22.5	350,351	13.3	5,825	18.2	327,248	15.5
Residential properties	14,023	34.0	318,887	12.1	9,522	29.7	220,545	10.4
Total(Note)	41,203	100.0	2,630,752	100.0	32,018	100.0	2,110,988	100.0

Note: the GFA under management and the related revenue for the financial year ended 31 December 2021 included the contribution from the GFA of 4.6 million sq.m. (5.0 million sq.m. is calculated according to the Group's management time-weighted), which was managed by the Group for most of the year and was terminated on 22 December 2021 as a result of disposal of subsidiaries.

Management Discussion and Analysis

5. *Organic Growth of Strategic Customers*

In 2021, the Group's core competitive strengths boosted the continuous expansion of its commercial business. The Group further optimised its strategic customer development mechanism, established a dedicated strategic customer business department for centralised management, and set up a strategic customer solution and implementation centre to offer whole-process, full-scenario and all-round support to its strategic customers, thereby striving to facilitate rapid growth.

The year of 2021 witnessed an organic growth of our key customers. The Group secured 49 contracts with its newly acquired key customers, with a total contract value of RMB802.9 million, accounting for 51% of the total. Our current strategic customers include Huawei, OPPO, Honor, Vivo and many other high-tech and Internet leading companies.

Taking a famous internet customer as an example, in 2021, our newly secured business "doubled" in both scale and revenue, securing 24 new contract projects with a year-on-year increase of 82% in annualised contract value. Our strategic projects have brought continuous radiation effects, which is evidenced by our increasing market presence in both north and south regions, extending all the way to key northern cities including Wuhan, Hefei, Changsha and Qingdao, thereby achieving business expansion. Relying on the demonstration role and reputation of our key customer service, we continued to expand the business of our associates, such as Hefei Zhongan Chuanggu Project (合肥中安創穀項目), Wuhan Guanggu Project (武漢光穀項目), Kexing Project (科興項目), Chongqing University Town Project (重慶大學城項目), etc.

Taking another famous internet customer as an example, the Company focused on securing business from our key customer, and managed to provide services to its headquarters in South China, and we have successfully expanded our business coverage to its core park in Hangzhou. South China headquarters project, which was served by the Group, won the first place among the customer's national self-owned parks in terms of satisfaction for three consecutive quarters in 2021. As for the recognition of its service quality, the Group forged a deeper and more stable strategic cooperation with the customer.

With the growing number of our strategic customers and our increasing market influence, our market share and project density in target cities are on the rise. We will continue to create value for shareholders based on forward-looking planning on customers, industry trend and regions.

Management Discussion and Analysis

6. *Value-added Services*

We are committed to providing customers with full-lifecycle property management services and full-chain comprehensive asset services. We continuously innovate and improve our value-added service content and business model to promote the Company's upgrade in business operations. Through our online and offline platform operations, resource integration and productization capabilities, we have developed a unique profit model to deliver more value-added benefits, thus redefining the value standards of commercial property services.

During the Reporting Period, revenue from value-added services amounted to approximately RMB780.5 million, an increase of approximately 117.7% compared to last year, and accounting for approximately 22.5% of the Company's overall revenue, up by approximately 8.3 percentage points over the same period of last year.

Our value-added services include asset services, corporate services, construction mechanical and electrical services and other professional value-added services.

In 2021, the diversified and rapid growth of value-added services has facilitated the establishment of a value chain for commercial property asset services and corporate services, of which, corporate services and construction mechanical and electrical services recorded a higher growth in performance with a double growth curve.

Taking construction mechanical and electrical services as an example, in 2021, revenue from construction mechanical and electrical increased by RMB120.2 million or 109.0% year-on-year. The doubled revenue has consolidated the first growth curve of value-added services. Through resource integration, the Company has developed a comprehensive solution of "hardware + software + platform + service" and established the optimal combination of three major modules including mechanical and electrical engineering, smart community software and hardware supporting engineering, and building materials. Taking information technology as a pillar, infrastructure construction as the breakthrough point, data service platform as the core and the intelligent application as the carrier, the Company endeavours to build a community ecosystem. As such, our income structure has also evolved from the original single type to a compound type. Through the more diversified income structure, the Company gives play to its unique core competence . Our construction mechanical and electrical services are characterised by "Green and Intelligent". Looking ahead, we will sort out data, establish models and empower hardware products for diversified growth in an organic and merger and acquisition manner, thereby gradually defining a large mechanical and electrical ecosystem and driving performance growth by capturing technology and green opportunities.

Management Discussion and Analysis

Taking corporate services as another example, Zhuopin Business Services achieved rapid revenue growth and accelerated value release in 2021, thus cultivating the second growth curve of value-added services in the future. Zhuopin Business has continuously optimized and improved its website for centralized corporate procurement and Zhuopin APP, accelerated the digital construction of corporate services, continuously evolved its offerings and established an administrative procurement supply chain to continuously tap into the corporate service sector and enhance its service capability.

ANALYSIS OF THE COMPANY'S CORE COMPETENCE

(I) High-quality Brand Image

The Group has rich experience in commercial real estate management and brand awareness. After years of deep cultivation, the Company has successfully established a twin brand image represented by international high-end commercial real estate comprehensive services and urban noble residential services. At present, the Group provides services for a number of Fortune 500 companies including many well-known high-tech, Internet and financial enterprises, which has been well received and unanimously recognised by the industry.

(II) Well-established Service Standards

With years of successful experience in the field of high-end commercial property services, the Company has developed a comprehensive commercial property service operation model. The Company has also been certified with ISO 9001 quality management system, ISO 14001 environmental management system, ISO 45001 occupational health and safety management system, ISO 50001 energy management system and other management system certifications successively. Its standardized work flow, completed management system and solid precipitation of management provide strong support and assurance for the daily operation of existing projects and the undertaking of new projects.

The Company introduced advanced service concepts constantly to dock with international standards. The Company has been successively certified as a platinum member of the International Building Owners and Managers Association (BOMA), a member of the International Facility Management Association (IFMA) and a member of the Royal Institute of Chartered Surveyors (RICS).

(III) Differentiated Strategic Positioning Advantages

With its highly scalable development path supported by a two-pronged strategy and multiple modules, the Company is empowered to focus on growth in all directions. The three major business segments (i.e., FM, PM and residential) have established the growth strategy of differentiated competition barriers, while the three major extensions (i.e., the new track, value-added services, joint venture and M&A) help customers establish the whole value chain, thus continuously creating value for customers. In 2021, value-added services recorded a rapid growth thanks to the effective TO B business model.

Management Discussion and Analysis

The Company gives full play to the advantages of its high-end commercial property services, applies digital platform operations to improve management efficiency and innovates service products, so as to create differentiated competition barriers that are superior to its peers.

(IV) Possessing a Professional Management Team in the Industry

The Company currently has a group of high-calibre property service talents and a dedicated outstanding team, thus can meet the needs of diversified and personalised services in the industry. The Company's rapid expansion of the business is supported by its well-established step-by-step talent training mechanism.

A professional management team in the industry: the Group possesses a group of outstanding professional management leaders in the industry. With its continuous innovation and development, the Company attaches importance to the integration of industry team building and international organisations. The continuous joining of a large number of outstanding management talents from Fortune 500 companies provides a strong and lasting impetus for its future development.

A professional service team: The Company's business is based on forward-looking positioning, and the professional competence of the Company is improved by the cohesion, cultivation and output of talents. The Company has independently established a training centre for senior talents in property management, i.e., Excellence Management College, which is ahead of domestic peers in terms of various fields including property market research, project feasibility manufacturers and property management consulting.

Cultivation of an outstanding talent pool: In 2017, the Talent College was officially established to tap strong teaching staff and organise professional training courses. In terms of value creation, the college designs an exclusive training system according to different career stage, rank, major and other dimensions, and promotes the training and improvement of team competence at all levels.

(V) Technology Innovation

The Group actively employs modern technology and applies IoT, cloud computing and big data technologies to create a two-pronged platform for E+FM smart building information management.

The platform features real-time monitoring of equipment and data collection, eliminates equipment failures at the first time, reduces operating costs and energy consumption, and achieves fully standardised operation of property management by combining with the Internet-based operation model, which greatly improves the work efficiency of the organization. In addition, mobile APPs, WeChat and other online platforms are used to provide diversified 24-hour online services, showcasing a more humanised customer experience. Through multi-dimensional data statistics and analysis, the system can effectively optimise the property management process and provide more accurate decision-making support.

Management Discussion and Analysis

In 2021, with management and control through the intelligent information platform, the overall data indicators in 2021 have increased by 111% year-on-year; and the establishment of an integrated call centre led to a decrease in headcount and an increase in efficiency. The practice of lightweight small program service platform helped continuous improvement in satisfaction, and paperless operation improves work efficiency; the "customised form" tool supports on-site managers to configure flexibly at the back office; operational data analysis supports on-site management; and the new operating ecology under the pandemic represents the best case practice of using machines to replace human.

OUTLOOK

(I) Strategic Planning

Looking ahead, the Group will focus on the vision of being "A leading commercial real estate service operator in China", solidify its foundation through "organisation building, business building and competence building", and seek for growth and support from its "value distribution and culture management" drives, striving for diversified business development.

We will resolutely promote the business development strategy of "focusing on commercial real estate as the main development path and developing value-added business to boost profit growth", establish the growth model of differentiated competition barriers, sharpen overall competitive edges through M&A to accelerate business development, and tap into new arenas for seeking the second growth curve, so as to provide customers with customised one-stop real estate comprehensive operation and management services, and develop a complete business chain of real estate life-cycle operation and management services, thus finally achieving the management goal of preserving and increasing its assets value.

(II) Overall Plan for the Future

1. Planning in Future 6 Years

Adhering to the long-term development philosophy, we have formulated a long-term development plan for the future. With the ambition to transfer from "solidifying foundation" to "striving for excellence", we will stick to the "Three Buildings and Two Drives" as the cornerstone to promote high-quality and rapid business development.

From 2022 to 2023, we will focus on business exploration and intensive development to enhance our competitive strengths in principal business.

From 2024 to 2025, we will focus on efficiency, sharing and professionalism to achieve rapid business development.

From 2026 to 2027, we will achieve operational excellence, forge "Unique" market competitive edges and become the industry leader.

Management Discussion and Analysis

2. Main Tone for the Year 2021 to 2025: Sustained steady business growth

In order to maintain a steady business growth, we have set clear goals on the key performance indicators as follows to build up our strengths in future business direction in a highly visible manner.

From the perspective of revenue: between 2021 and 2025, our annual revenue shall have a sustained and steady growth from RMB3,467.1 million, and our revenue from value-added services shall have a sustained and steady growth from RMB780.5 million.

From the perspective of customers: the annualized contract amount from the newly expanded strategic major customers shall increase steadily from RMB249.2 million in 2021 to 2025, and the customer retention rate will be further stabilized and improved.

From the perspective of employees: the number of employees shall double from 12,277 in 2021 to 2025, and the number of key talents shall increase from more than 200 persons in 2021 to over 1,000 persons in 2025, continuous focus on employee engagement.

(III) Development Strategy for 2022

In 2022, the Group will focus on the strategy of "powered by multiple business segments and focusing on all-round growth", lay a solid foundation through the "Three Buildings and Two Drives", and establish a diversified business development track of the "Three Business Segments and Three Extensions" to accomplish our core goals.

Three Buildings: organisation building, business building and competence building

In terms of organisational construction, the Company will optimize the regional organisational structure, establish full-lifecycle management for employees and formulate key talent delivery plans. In terms of competence building, we will accelerate the improvement of service quality, increase management efficiency and enhance profitability through measures such as establishing a strategic customer solution centre, building a digital platform, innovating and transforming the operation model, and practising mature cases of using technology to replace human. In terms of business building, we will monitor and ensure the achievement of key indicators such as the development of strategic customers, market retention rate, customer retention rate, and the stable and organic growth of new business and profit, etc., thereby striving to build high brand awareness and influence.

Two Drives: value distribution and culture management

The Company is committed to creating a diverse, fair and inclusive management culture atmosphere in order to enhance team cohesion and create core competence. In addition, the Company will establish a set of sound performance mechanisms including the job evaluation mechanism with consistent rights and responsibilities, and the equity incentive mechanism for senior management. Driven by incentives, the workforce will be well motivated to fully support the development of its principal business.

Management Discussion and Analysis

Three Business Segments: PM full property management of commercial complexes, FM facility management and residential apartment

In 2022, the Company will accelerate the development of its primary PM commercial office building segment and FM commercial property segment, and consolidate its leading position in the field of commercial properties.

FM commercial property segment: We will continue to strengthen cooperation with our strategic leading customers and rely on the demonstration role and influence of strategic customer service to effectively tap into the target regional market, increase market share and effectively draw upon associates and city resources. We will also explore and diversify our principal industries, identify the proper target positioning and increase our efforts in high-profit industries.

PM commercial office building segment: We will establish a double barrier of asset service and corporate service capabilities to tap into the growth potential of PM business. We endeavour to expand the comprehensive business of government industrial parks by relying on the merger and acquisition of PM projects to create benchmarks for the industry. Through the establishment of urban PM roadmap, we will benchmark foreign-funded benchmarking projects and gather resources to secure state-owned and key customer projects.

Residential apartment segment: Introduce international service standards, discover the needs of the owners, one-stop service station as package, develop highly intelligent residential properties with high satisfaction.

Three Extensions: new tracks (health care/education/urban services/government buildings), value-added services, joint ventures and M&A

New tracks: we will promptly enter the new track through M&A, capture opportunities in emerging property markets such as urban services, health care and education, establish a new track benchmark, and grow rapidly in a synergistic manner.

Value-added business is our strategy to establish differentiated competition barriers. We will continue to focus on customer needs to optimize asset services, improve corporate service offerings and supply chains, improve the ecological chain of residential value-added services, develop service highlights and maximise customer benefits by offering value-added services.

Professional value-added services are represented by construction mechanical and electrical service business. In 2022, we will build an AI smart community and employ technology as the driving force for sustainable development through digital and lean management of engineering sites, thus fuelling performance growth with technology and green opportunities.

(IV) Build a Comprehensive Digital Platform and Create Core Competence

Technology and smart operation will become one of the Company's core competence in the future. The Company currently operates a two-pronged platform integrating "smart operation" and "operation management".

We will continue to optimize platform management and ecological services, and drive innovation in services, operations, management and business models.

The "Smart Operation Platform" integrates Zhuopin APP, Smart Community, E+FM and IOT technology platforms. We will make more attempts to improve customer experience, enhance customer experience for convenient service needs and improve customer satisfaction. The Company will improve its capability to meet customer personalised service needs, and use digitalised operation to help improve service efficiency.

The "operation management platform" integrates various business and financial functions including budgets, work flows, contracts, procurement, etc. and is designed to create a "think tank" for efficient business analysis, which reduces the high cost of information flow and circulation, and facilitates the improvement of decision-making accuracy and efficiency, thereby achieving refined management, reducing operational risk and improving management efficiency.

Next, we will speed up the research and development of To B For C digital products, establish a data analysis platform for customer employee moving lines and service employee moving lines to achieve visualised management of the service process. With the transparent business data and key benchmarking of service needs, we will be able to deliver accurate service assurance and the best customer experience.

(V) Talent Training and Development

The rapid expansion and performance growth have put forward higher requirements for our talent training and reserves. the Group has long attached great importance to talent training and reserves so as to fully support out rapid business expansion. We have formulated a complete step-by-step talent training mechanism to select and deliver talents from internal talent training and external recruitment, and create a two-pronged development path from management development and professional development.

The core of talent echelon construction is the training of project managers. The Group established a team empowerment centre in 2021, which focuses on the training and empowerment of project managers and the development of whole-process business management tools. Adhering to the purpose of allowing outstanding talents to be identified, valued, developed and motivated, through internal recommendation and selection, we select the most high-calibre core management members with the greatest development potential in the project, and expand learning and management ability empowerment through team building activities, seminars on special topics and retrospective skills practice after class to improve students' management capability, thereby cultivating a large number of excellent core management personnel for the Group.

Management Discussion and Analysis

Only by continuously implementing the personnel training plan, promoting and improving the construction of personnel echelon, and disseminating and guiding the proper corporate culture can we more widely accept and accommodate personnel who share our development vision of property services, improve the stability of key personnel, constantly deliver comprehensive management talents and professional project teams with the Group's characteristics, and provide each customer with the most professional service assurance.

II. FINANCIAL REVIEW

Revenue

For the year ended 31 December 2021, the revenue of the Group amounted to RMB3,467.1 million (2020: RMB2,525.1 million), representing an increase of 37.3% as compared with the same period of last year.

The revenue of the Group was derived from three main businesses: (i) basic property management services; (ii) value-added services; and (iii) other businesses.

	For the year ended 31 December					
	2021		2020		Change	
	Amount (RMB'000)	(%)	Amount (RMB'000)	(%)	Amount (RMB'000)	(%)
Revenue						
Basic property management services	2,630,752	75.9	2,110,988	83.6	519,764	24.6
Value-added services	780,520	22.5	358,604	14.2	421,916	117.7
Other businesses	55,794	1.6	55,495	2.2	299	0.5
Total revenue	3,467,066	100.0	2,525,087	100.0	941,979	37.3

Basic Property Management Services

During the Reporting Period, the revenue from basic property management services was RMB2,630.8 million (2020: RMB2,111.0 million), representing an increase of 24.6% as compared with the same period of last year.

Management Discussion and Analysis

The following table sets forth (i) a breakdown of the GFA under management as of the dates indicated by type of property developer, and (ii) a breakdown of the revenue from the Group's basic property management services for the years indicated:

	For the year ended 31 December 2021				For the year ended 31 December 2020			
	GFA under management		Revenue		GFA under management		Revenue	
	(sq.m.'000)	(%)	(RMB'000)	(%)	(sq.m.'000)	(%)	(RMB'000)	(%)
Commercial properties	17,932	43.5	1,961,514	74.6	16,671	52.1	1,563,195	74.1
– Excellence Group	2,906	7.1	718,459	27.3	2,878	9.0	587,576	27.9
– Third-party property developers	15,026	36.4	1,243,055	47.3	13,793	43.1	975,619	46.2
Public and industrial properties	9,248	22.5	350,351	13.3	5,825	18.2	327,248	15.5
Residential properties	14,023	34.0	318,887	12.1	9,522	29.7	220,545	10.4
Total[Note]	41,203	100.0	2,630,752	100.0	32,018	100.0	2,110,988	100.0

Note:

The GFA under management and the related revenue for the financial year ended 31 December 2021 included the contribution from the GFA of 4.6 million sq.m. (5.0 million sq.m. is calculated according to the Group's management time-weighted), which was managed by the Group for most of the year and was terminated on 22 December 2021 as a result of disposal of subsidiaries.

For the year ended 31 December 2021, the Group's GFA under management was 41.2 million sq.m., representing an increase of 28.7% from 32.0 million sq.m. as at the same period of 2020. Commercial properties accounted for 43.5% (or 17.9 million sq.m.), public and industrial properties accounted for 22.5% (or 9.2 million sq.m.), and residential properties accounted for 34.0% (or 14.0 million sq.m.).

The increase in the GFA under management was mainly derived from: (i) commercial and residential projects developed by Excellence Group which were under continuous control of the Group, with an additional GFA under management of 4.5 million sq.m. during the Reporting Period; (ii) projects developed by third-party property developers with an additional GFA under management of 4.7 million sq.m.

During the Reporting Period, the overall collection rate of the Group's property management fees that were due was 93.2% (2020: 92.0%).

Coverage of the GFA under Management

The Group operated its businesses in two major regions (the Greater Bay Area and the Yangtze River Delta) and other cities with high potential. As of 31 December 2021, projects under management of the Group covering 41 cities across China. By region, 43.1% of the GFA under management was located in the Guangdong-Hong Kong-Macao Greater Bay Area, 22.8% was located in the Yangtze River Delta urban agglomeration, and 34.1% was located in other regions.

Management Discussion and Analysis

Value-added Services

During the Reporting Period, the revenue from value-added services increased by 117.7% to RMB780.5 million from RMB358.6 million as of the same period of 2020.

The increase of value-added services mainly arose from: (i) the increase of revenue from the real estate co-marketing, pre-intermediary and inspection services ; (ii) the increase of the revenue from electrical and mechanical installation service; and (iii) the increase of high-end business services and services on corporate administrative welfare platform.

Other Businesses

The revenue from other businesses mainly arose from financial services and apartment leasing services.

During the Reporting Period, the revenue from other businesses was increased slightly to RMB55.8 million from RMB55.5 million in 2020.

Cost of sales

The Group's cost of sales mainly consists of staff costs, subcontracting costs, cleaning costs, repair and maintenance costs, utility costs, carpark expenses, office expenses, depreciation and amortization, rental expenses and others.

During the Reporting Period, the Group's cost of sales amounted to RMB2,507.4 million (2020: RMB1,861.3 million), representing an increase of 34.7% in 2020, which was primarily due to the continuous expansion of the Group's revenue-bearing GFA, resulting in an increase in staff costs and other costs.

Gross profit and gross profit margin

The table below sets forth a breakdown of the gross profit and gross profit margin of the Group by business line as of the periods indicated:

	For the year ended 31 December			
	2021		2020	
	Gross Profit (RMB'000)	Gross Profit Margin (%)	Gross Profit (RMB'000)	Gross Profit Margin (%)
Basic property management services	602,200	22.9	508,905	24.1
Value-added services	323,581	41.5	124,019	34.6
Other businesses	33,846	60.7	30,888	55.7
Total	959,627	27.7	663,812	26.3

During the Reporting Period, the Group's gross profit was RMB959.6 million, representing an increase of 44.6% from RMB663.8 million in 2020. The gross profit margin increased to 27.7% in 2021 from 26.3% in 2020.

The gross profit margin of basic property management services was 22.9% (2020: 24.1%), representing a decrease of 1.2 percentage points from last year, mainly attributable to the cessation of the reduction or exemption of social insurance contributions under the regulatory support policy implemented in 2020 to mitigate the impact of the COVID-19 pandemic.

The gross profit margin of value-added services was 41.5% (2020: 34.6%), representing an increase of 6.9 percentage points from last year, mainly attributable to (i) the increased proportion of the Group's value-added businesses that generated relatively high gross profit margin; and (ii) strengthened cost control to achieve scale effect and improve gross profit effectively.

The gross profit margin of other businesses was 60.7% (2020: 55.7%), representing an increase of 5.0 percentage points from last year. It was mainly due to the improvement in the operation on apartment leasing projects as compared with last year.

Other Revenue

The Group's other revenue mainly consisted of interest income and government subsidies.

During the Reporting Period, other revenue was RMB45.5 million (2020: RMB23.0 million), representing an increase of 97.8% from last year, mainly attributable to the increase of bank interest income.

Other Net (Loss)/Income

The Group's other net (loss)/income mainly consisted of impairment losses on trade and other receivables, impairment losses on loans receivables, gain on wealth management investments and gain on disposal of assets.

During the Reporting Period, other net loss was RMB5.6 million (2020: other net income of RMB21.0 million), which was mainly due to the gain of approximately RMB31.5 million from the disposal of a subsidiary, namely Zhenglian Haodong during the same period of 2020.

Selling and Marketing Expenses

During the Reporting Period, the selling and marketing expenses amounted to RMB18.6 million (2020: RMB15.4 million), representing an increase of 20.8% from last year. It was mainly due to the increase in business development and personnel costs for searching better business targets.

Administrative expenses

During the Reporting Period, administrative expenses amounted to RMB203.4 million (2020: RMB194.7 million), representing an increase of 4.5% from last year. It was mainly due to (i) the employment of new employees to support business expansion and rapid development of the Group, resulting in the increase in salary and benefits of our employees as compared with the same period of last year; and (ii) the listing expenses of RMB26.6 million recorded in 2020, which was not incurred in 2021.

Management Discussion and Analysis

Finance Costs

During the Reporting Period, our finance costs amounted to RMB20.7 million (2020: RMB29.5 million), representing a decrease of 29.8% from last year, which was mainly due to the decrease in interest on bank loans and other borrowings.

Share of Profits of Joint Ventures

During the Reporting Period, the share of profits of joint ventures amounted to RMB7.5 million (2020: RMB7.3 million).

Share of Profit of Associates

During the Reporting Period, the share of profits of associates amounted to RMB1.4 million (2020: RMB1.2 million), representing an increase of 16.7% from last year.

Income Tax

During the Reporting Period, income tax was RMB218.3 million (2020: RMB120.8 million), representing an increase of 80.7% from last year. During the Reporting Period, the effective tax rate was 28.5% (2020: 25.3%), representing an increase of 3.2 percentage points from last year, which was mainly because the pre-tax deduction of the equity incentive expenses was prohibited and due to the provision of withholding tax on dividend.

Profit for the Year

During the Reporting Period, the Group's net profit amounted to RMB547.5 million (2020: RMB355.9 million), representing an increase of 53.8% from last year.

During the Reporting Period, the profit attributable to shareholders of the Company was RMB510.1 million (2020: RMB325.0 million), representing an increase of 57.0% from last year.

During the Reporting Period, the net profit margin was 15.8% (2020: 14.1%), representing an increase of 1.7 percentage points from last year.

Investment Properties

The Group's investment properties mainly include two apartment leasing projects (for long-term rental) in Shenzhen, which gained rental income from apartment operation and leasing. As of 31 December 2021, the Group's investment properties amounted to RMB112.5 million, representing a decrease of RMB11.0 million from RMB123.5 million as of 31 December 2020, which was mainly due to the depreciation and amortization during the Reporting Period.

Management Discussion and Analysis

Property, Plant and Equipment

The property, plant and equipment of the Group mainly consisted of leasehold improvement, right-of-use assets, office equipment and furniture, machinery equipment and other fixed assets. As of 31 December 2021, the Group's net book value of property, plant and equipment amounted to RMB47.5 million, representing a decrease of RMB16.8 million from RMB64.3 million as of 31 December 2020, which was mainly due to the depreciation and amortization during the Reporting Period.

Intangible Assets

The Group's intangible assets mainly consisted of property management contracts and software arising from corporate mergers and acquisitions. The Group's intangible assets decreased by RMB20.1 million from RMB54.2 million as of 31 December 2020 to RMB34.1 million as of 31 December 2021, which was primarily due to the disposal of the equity interests in its subsidiary Shenzhen Excellence Operation Management Co., Ltd (深圳市卓越運營管理有限公司), ("**Shenzhen Excellence Operation**").

Goodwill

The Group's goodwill decreased by RMB230.3 million from RMB271.7 million as of 31 December 2020 to RMB41.4 million as of 31 December 2021, which was primarily due to the disposal of the equity interests in its subsidiary Shenzhen Excellence Operation.

As of 31 December 2021, the management did not find any significant risk of impairment of goodwill.

Trade and Other Receivables

Trade and other receivables mainly consisted of trade receivables and non-trade receivables due from related parties.

As of 31 December 2021, the Group's net trade and other receivables (including current and non-current receivables) amounted to RMB1,135.0 million, representing an increase of RMB574.0 million from RMB561.0 million as of 31 December 2020, mainly due to (i) RMB245.0 million of receivables from disposal of the equity interests in its subsidiary Shenzhen Excellence Operation; (ii) RMB294.0 million of the receivables for clearing up transactions from disposal of its subsidiary Shenzhen Excellence Operation; and (iii) RMB166.6 million of the advanced payments for the Group's proposed acquisition of a subsidiary.

Trade and Other Payables

As of 31 December 2021, the Group's trade and other payables (including current and non-current payables) amounted to RMB1,077.3 million, representing an increase of RMB184.5 million from RMB892.8 million as of 31 December 2020, mainly due to the increase in cash collected on behalf of the owners' association.

Management Discussion and Analysis

Lease Liabilities

During the Reporting Period, the increase in lease liabilities was recognised according to new leasing standards. The lease liabilities payable within one year of RMB14.0 million were recognised in current liabilities, and the lease liabilities payable over one year of RMB117.7 million were recognised in long-term lease liabilities.

Contract liabilities

Our contract liabilities mainly represent prepayments from customers of the Group's commercial operation services and residential property management services. As of 31 December 2021, the Group's contract liabilities amounted to RMB216.2 million, representing an increase of RMB134.6 million from RMB81.6 million as of 31 December 2020, mainly due to the contract liabilities increased as a result of receiving property management services in advance.

Borrowings

As of 31 December 2021, the Group's bank loans and other borrowings amounted to RMB75.0 million, all of which were unsecured and unguaranteed loans of Shenzhen Zhuotou Micro-Lending Co., Ltd. (深圳市卓投小額貸款有限責任公司) ("**Shenzhen Zhuotou**").

Asset-liability Ratio

The asset-liability ratio was calculated as the total liabilities divided by total assets. As of 31 December 2021, the Group's asset-liability ratio was 32% (31 December 2020: 34%).

Pledged Assets

As of 31 December 2021, the Group did not pledge any assets (31 December 2020: Nil).

Contingent Liabilities

As of 31 December 2021, the Group did not have any significant contingent liabilities or guarantees (31 December 2020: Nil).

Liquidity, Reserves and Capital Structures

The Group maintained a good financial position during the Reporting Period. As of 31 December 2021, the Group's cash and equivalents amounted to RMB3,007.3 million, representing a decrease of 9.3% from RMB3,314.1 million as of 31 December 2020, mainly due to (i) repayment of bank borrowings of RMB448.7 million in 2021; (ii) payment of 2020 annual dividend to equity shareholders and 2021 interim dividend to equity shareholders totaling RMB286.6 million; and (iii) temporarily uncovered receivables for clearing up transactions of RMB294.0 million from disposal of its subsidiary Shenzhen Excellence Operation, which have been fully received before 12 March 2022.

As of 31 December 2021, the Group's total equity was RMB3,466.4 million, representing an increase of RMB210.1 million or 6.5% from RMB3,256.3 million as of 31 December 2020, primarily due to the profit contribution realized during the year.

Management Discussion and Analysis

Cash Flows

For the year ended 31 December 2021, the Group's net cash generated from operating activities was RMB810.1 million (RMB434.0 million in the same period of 2020), mainly due to net increase in operating profits, trade payables and contract liabilities as a result of the expansion of the Group's operating scale.

For the year ended 31 December 2021, the Group's net cash outflow from investment activities was RMB412.2 million, while the net cash inflow in the same period of 2020 was RMB847.2 million, mainly due to the repayment of advances of RMB455.0 million by related parties, the receipt of transfer prepayment of RMB300.0 million for the transfer of Shenzhen Zhuotou in 2020, and the payment for the Group's acquisition of subsidiaries in 2021.

For the year ended 31 December 2021, the Group's net cash outflow from financing activities was RMB638.6 million, while the net cash inflow from the same period of 2020 was RMB1,641.4 million. The net cash inflow in 2020 was mainly due to the net proceeds raised from IPO of the Company in 2020 as well as the repayment of non-trade payables of related parties before listing. The net cash outflow in 2021 was mainly due to the repayment of bank loans and other borrowings of RMB448.7 million and the payment of dividends to equity shareholders of RMB286.6 million in 2021.

Foreign Exchange Exposure

The main business of the Group is conducted in China, and our business is mainly denominated in Renminbi. As of 31 December 2021, non-RMB assets and liabilities were mainly cash and cash equivalents, which were denominated in Hong Kong dollars.

The management of the Group believes that the Group is not exposed to significant foreign exchange risks, and therefore no forward foreign exchange contracts have been entered into to hedge foreign exchange risks. The management will continue to monitor foreign exchange risks and adopt prudent measures to minimize foreign exchange risks.

Use of Proceeds from the Listing

The Company issued 300,000,000 new shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 19 October 2020, and partially exercised the over-allotment options on 11 November 2020 and issued 22,490,000 new shares. After the partial exercise of the over-allotment options and deducting underwriting fees and related expenses, the total net proceeds raised from the listing (the "**Net Proceeds**") are approximately HK$3,359.5 million. As of 31 December 2021, the Company had utilized approximately HK$560.9 million of the Net Proceeds.

Management Discussion and Analysis

As at 31 December 2021, the Group's planned use and actual use of the Net Proceeds was as follows:

Major Categories	% of Total Proceeds	Amount (HK$ million)	Sub-categories	Specific Plans	% of Total Proceeds	Timeframe 2021	2022	2023 (HK$ million)	Actual amount of proceeds utilized as at 31 December 2021	Amount of proceeds unutilized as at 31 December 2021
Business expansion	70.00%	2,351.7	Strategic acquisitions and investments	We plan to strategically acquire or invest in majority interests in property management companies with sizeable operations in our target cities or holding landmark projects in first-tier and new first-tier cities.	60%	638.5	671.8	705.5	185.3	1,830.5
				We plan to acquire or invest in majority interests in third party service providers to provide specialized value-added services, such as mechanical and electrical services, indoor air treatment services and services to intelligence buildings when opportunities arise.	10%	100.7	100.7	134.5	0	335.9
Development of information technology system	10.00%	134.3	Develop FM smart management information platform	We plan to increase the coverage of the FM smart management information platform, which covered about 80 out of over 300 projects we managed as at 30 June 2020, to cover all the projects under our management in satisfactory conditions within the next two to three years through (i) expanding our hardware infrastructures to the uncovered projects; (ii) continuing to develop and upgrade our software system of the FM smart management information platform; and (iii) strengthening internal training on the operation of FM smart management information platform. We plan to use IoT technologies to connect all the facilities under our management to our FM smart management information platform in order to collect operating data from these facilities.	4.0%	40.3	53.8	40.2	0.5	133.8

Management Discussion and Analysis

Major Categories	% of Total Proceeds	Amount (HK$ million)	Sub-categories	Specific Plans	% of Total Proceeds	Timeframe 2021	2022	2023 (HK$ million)	Actual amount of proceeds utilized as at 31 December 2021	Amount of proceeds unutilized as at 31 December 2021
				See "Business – Competitive Strengths – Technology-backed Services to Enhance Customer Experience and Management Efficiency" in the prospectus (the "**Prospectus**") of the Company dated 7 October 2020 for details on the functions of our FM smart management information platform.						
		134.3	Develop "O+" platform	We will (i) continue to upgrade the "O+" platform; (ii) secure quality supplies to enrich the offerings on the "O+" platform; and (iii) organize events for and provide benefits to customers to increase their loyalty. See "Business – Competitive Strengths – Technology-backed Services to Enhance Customer Experience and Management Efficiency" in the Prospectus for details on the functions of our "O+" platform.	4.0%	53.8	40.3	40.2	0.0	134.3
		67.2	Upgrade our information technology infrastructure to enhance internal control and management efficiency	We plan to upgrade our business management systems, including human resource system, finance system and business process management system, and develop business intelligence tools, to enhance our internal control and management efficiency.	2.0%	20.2	27.0	20.0	6.1	61.1
Facility upgrades for the properties under our management	5.00%	168.0	Upgrading facilities for development of intelligent communities to enhance our operational efficiency and customers' satisfaction level	We plan to upgrade the facilities in some old residential properties under our management to develop intelligent communities. For example, we may install automatic entry control and face identification and entry control facilities in these residential properties, with an aim to save our labor costs and create a more convenient living environment for the residents.	5.0%	33.6	67.3	67.1	6.9	161.1

Management Discussion and Analysis

Major Categories	% of Total Proceeds	Amount (HK$ million)	Sub-categories	Specific Plans	% of Total Proceeds	Timeframe 2021	2022	2023 (HK$ million)	Actual amount of proceeds utilized as at 31 December 2021	Amount of proceeds unutilized as at 31 December 2021
Attracting and nurturing talent	5.00%	168.0		We plan to: – provide trainings to our employees at key positions and identify and train up our future team leaders. – recruit key personnel strategically to support our business growth	5.0%	67.0	50.5	50.5	26.1	141.9
General corporate purposes	10.00%	336.0	Working capital and general corporate purposes		10.0%	100.7	100.7	134.6	336.0	0.0

Affected by the downturn in the domestic real estate market, the Company is more cautious in strategic expansion. Outbreak of COVID-19 was further slowed the pace of the Company's merger and acquisition, several projects are still under investigation and negotiation and the payment has not been officially released. As to the development of information technology system, several systems are currently under early stages of development and most of the payment were yet to be paid. The remaining net proceeds of the proceeds from the listing are currently deposited in banks in Hong Kong and mainland China and are planned to be used in accordance with the Company's strategy.

Management Discussion and Analysis

Significant Investments Held, Material Acquisitions And Disposals Of Subsidiaries, Associates And Joint Ventures

(a) On 1 April 2021, Shenzhen Excellence Operation, an indirect wholly-owned subsidiary of the Company, as the purchaser entered into an agreement with Beijing Shiyuan Guanghua Real Estate Development Co., Ltd.* (北京世源光華房地產開發有限公司) and Beijing Guanghua Road No. 5 Trading Co., Ltd.* (北京光華路五號貿易有限公司) as the vendors, Mr. Wei Ping (衛平) as guarantor, Beijing Global Wealth Property Management Co., Ltd.* (北京市環球財富物業管理有限公司) ("**Beijing Global Wealth**") as target company and Shanghai Wanxing Investment Consulting Co., Ltd.* (上海萬興投資顧問有限公司) as the remaining shareholder of Beijing Global Wealth, pursuant to which the purchaser has conditionally agreed to acquire, and the vendors have conditionally agreed to sell 75% equity interest in Beijing Global Wealth, for a consideration of RMB225.0 million. Beijing Global Wealth is principally engaged in commercial property management services in Beijing, PRC. The acquisition will further consolidate the Group's leading position in commercial property management and expand growth by seeking business opportunities in Beijing's central business district. For details, please refer to the Company's announcement dated 6 April 2021. The Company has completed the acquisition of the equity interest in Beijing Global Wealth in January 2022, it is now a non-wholly owned subsidiary of the Company.

(b) On 15 May 2020, Shenzhen Excellence Property Management Co., Ltd. (深圳市卓越物業管理有限責任公司) ("**Excellence Property Management**"), an indirect wholly-owned subsidiary of the Company (as seller), entered into the Shenzhen Zhuotou Framework Agreement with Shenzhen Zhuoyue Venture Capital Co., Ltd.* (深圳市卓越創業投資有限責任公司) (as purchaser), pursuant to which the Group has conditionally agreed to transfer the entire equity interests in Shenzhen Zhuotou to the purchaser after 3 May 2021. On 3 November 2021, Excellence Property Management and the purchaser entered into the share transfer agreement, pursuant to which Excellence Property Management has conditionally agreed to sell, and the purchaser has conditionally agreed to purchase, the entire equity interests in Shenzhen Zhuotou at the cash consideration of RMB305.1 million. At the special general meeting held on 30 December 2021, the resolution on the aforesaid matters was officially passed by independent shareholders by poll. On 19 January 2022, Shenzhen Zhuotou has submitted the materials regarding change of shareholder to the Shenzhen Financial Supervision Bureau for verification and approval. As of the date of this annual report, the official reply was yet to be obtained.

(c) On 22 December 2021, Shenzhen Dongrunze Investment Consultants Co., Ltd. (深圳東潤澤投資顧問有限公司) and Excellence Property Management, both are an indirect wholly-owned subsidiary of the Company, as the vendors entered into an agreement with Shenzhen Xishui Investment Co., Ltd. (深圳市溪水投資有限公司) as the purchaser respectively, pursuant to which, the vendors agreed to sell, and the purchaser agreed to acquire 100% equity interest of Shenzhen Excellence Operation for a consideration of RMB350.0 million in aggregate. Completion took place on 22 December 2021. For details, please refer to the Company's announcement dated 22 December 2021.

Management Discussion and Analysis

Save as disclosed in this annual report, the Company did not hold any significant investments and did not conduct any material acquisitions or disposals of subsidiaries, associates or joint ventures during the Reporting Period.

Future Plans for Major Investments and Capital Assets

The Group intends to utilise the net proceeds raised from the Listing according to the plans set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. As at 31 December 2021, the Company had utilised 10% of the Net Proceeds for general corporate purposes, and the remaining net proceeds are currently held in the form of bank deposits.

Save as disclosed in this annual report, the Group did not have any other immediate plans for material investments and capital assets as at 31 December 2021.

Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Li Xiaoping (李曉平), aged 64, was appointed as our executive Director and the chairman of our Board on 22 May 2020. He joined our Group in October 1999 as the chairman of the board of Shenzhen Excellence Property Management Co., Ltd. (深圳市卓越物業管理有限責任公司) ("**Excellence Property Management**") and has since then been responsible for its overall strategic planning and major business decisions. Mr. Li has also been serving as the president of Excellence Real Estate Group Co., Ltd. (卓越置業集團有限公司) ("**Excellence Real Estate**") since June 1996 and a vice chairman of the board of Excellence Real Estate since April 2013, where he has been primarily responsible for assisting the chairman with its overall strategic development and major business decisions.

Prior to joining our Group, from September 1993 to May 1996, Mr. Li served as the general manager of Shenzhen Yonggao Industrial Limited (深圳永高實業有限公司) ("**Shenzhen Yonggao**"), a company principally engaged in real estate investment, where he was primarily responsible for its overall management and operations.

Mr. Li was recognized as the "Social Contributor of the Year" (年度社會貢獻人物大獎) by the Organizing Committee of Boao 21st Century Real Estate Forum (博鰲21世紀房地產論壇組委會) in June 2009, the "Most Innovative Person in China's Real Estate Industry" (中國最具創新力地產人物) by Boao Real Estate Forum (博鰲房地產論壇) in August 2015 and the "Top 30 CEO in China Real Estate Industry for the Year of 2018" (2018 中國地產年度CEO 30強) at the 2018 China Real Estate New Era Grand Ceremony (2018年中國地產新時代盛典) in December 2018.

Mr. Li obtained his bachelor's degree in applied mathematics from University of Electronic Science and Technology of China (中國電子科技大學) (formerly known as Chengdu Institute of Telecommunications Engineering (成都電信工程學院)) in the PRC in January 1982, and his master's degree in applied mathematics from Xidian University (西安電子科技大學) (formerly known as Northwest Institute of Telecommunications Engineering (西北電訊工程學院)) in the PRC in January 1988.

Mr. Li is the elder brother of Mr. Li Wa, a controlling shareholder of the Company.

Ms. Guo Ying (郭瑩), aged 54, was appointed as our executive Director on 22 May 2020 and is primarily responsible for implementing the strategies and daily operations of our Group. Ms. Guo joined our Group in October 2000 as a deputy project manager and successively served as the general manager of quality management department, assistant to deputy general manager and deputy general manager. She was promoted to the general manager of Excellence Property Management in August 2013 and has been responsible for project management and its daily operations since then. Ms. Guo currently holds directorships in our various subsidiaries.

Prior to joining our Group, from April 1998 to May 2000, Ms. Guo worked at Shenzhen Kangwei Home Kitchen Co., Ltd. (深圳市康威家庭廚櫃有限公司), a company principally engaged in the sales of construction materials and kitchenware. From October 1993 to December 1994, Ms. Guo worked at Shenzhen Yashi Clothing Co., Ltd. (深圳雅仕衣帽有限公司), a company principally engaged in the manufacturing and sales of clothes.

Directors and Senior Management

In January 2014, Ms. Guo was awarded as an "Outstanding General Manager for the Year of 2014" (2014年度聯盟卓越總經理) by Golden Key International Alliance (金鑰匙國際聯盟). Ms. Guo was admitted as a candidate for the "Top 10 CEOs in Property Industry for the Year of 2018" (2018年中國十大物業年度CEO) jointly organized by Leju Finance (樂居財經), Sina Finance (新浪財經), China Entrepreneur (中國企業家), Fangchan.com (中房網) and E-House Shihui (易居實惠) in November 2018, and was recognized as an "Outstanding Property Manager for the Year of 2019" (2019年度優秀物業經理人) by EH Consulting (億翰智庫) in December 2019.

Ms. Guo obtained her bachelor's degree in textile design from Xi'an Polytechnic University (西安工程大學) (formerly known as Northwestern Institute of Textile Technology (西北紡織工學院)) in the PRC in July 1990, and completed the advanced training courses in equipment management provided by the school of economy and management of Tongji University (同濟大學) in the PRC in August 2016.

Non-executive Directors

Mr. Wang Dou (王斗), aged 54, was appointed as our non-executive Director on 22 May 2020 and is primarily responsible for providing guidance for the overall development of our Group.

Mr. Wang joined Excellence Real Estate in June 1996 as a vice president and director and has since then been primarily responsible for its accounting and financing management. Prior to joining Excellence Real Estate, from September 1993 to May 1996, Mr. Wang served as an accounting manager at Shenzhen Yonggao where he was primarily responsible for its financial accounting, financial analysis and capital operations. From July 1990 to August 1993, Mr. Wang worked at the First Pharmaceutical Factory of Chinese PLA Chengdu Command (成都軍區製藥一廠) and China Vanke Enterprise Limited Company (萬科企業股份有限公司) (formerly known as Shenzhen Vanke Enterprise Limited Company (深圳萬科企業股份有限公司)).

Mr. Wang obtained his bachelor's degree in economics from Southwestern University of Finance and Economics (西南財經大學) in the PRC in July 1990.

Mr. Wang Yinhu (王銀虎), aged 45, was appointed as our non-executive Director on 22 May 2020 and is primarily responsible for providing guidance for the business development of our Group.

Mr. Wang joined Excellence Real Estate in May 2004 as a fund manager and was promoted to a deputy general manager of its financial and capital department in January 2011 and to the general manager of its financing department in January 2013, respectively, where he has been primarily responsible for its financing and capital management.

Mr. Wang obtained his bachelor's degree in accounting from Xi'an University of Science and Technology (西安科技大學) (formerly known as Xi'an College of Science and Technology (西安科技學院)) in the PRC in July 2001.

Directors and Senior Management

Independent Non-executive Directors

Mr. Huang Mingxiang (黃明祥), aged 63, was appointed as our independent non-executive Director on 28 September 2020 and is primarily responsible for providing independent advice on the operations and management of our Group.

Since September 2018, Mr. Huang has been serving as a director at Shenzhen Kingkey Smart Agriculture Times Co., Ltd (深圳市京基智農時代股份有限公司) (formerly known as Shenzhen Kondarl (Group) Co., Ltd. (深圳市康達爾（集團）股份有限公司)), a company principally engaged in agricultural development businesses whose shares are listed on the Shenzhen Stock Exchange (stock code: 000048), where he has been primarily responsible for providing guidance for its overall development. Since March 2018, Mr. Huang has been serving as the chairman and president of Jinghui Group Holdings Limited (景匯集團控股有限公司), a company principally engaged in investment and asset management, where he has been primarily responsible for formulating strategic plan and its daily operations. From May 2016 to January 2018, Mr. Huang served various positions including the chief executive officer, chairman and an executive director at Tianli Holdings Group Limited (天利控股集團有限公司) (formerly known as EYANG Holdings (Group) Co., Limited (宇陽控股（集團）有限公司)), a company principally engaged in the manufacture and sales of multi-layer ceramic chips and investment and financing business whose shares are listed on the Stock Exchange (stock code: 0117), where he was primarily responsible for its overall management. Mr. Huang also served as the general manager, chairman and an executive director of ICBC International Holdings Limited (工銀國際控股有限公司), a wholly owned subsidiary of Industrial and Commercial Bank of China Limited (中國工商銀行股份有限公司) ("**ICBC**"), a bank whose shares are listed on the Shanghai Stock Exchange (stock code: 601398) and the Stock Exchange (stock code: 1398), until January 2016. Mr. Huang was appointed as the president of Chinese Mercantile Bank (華商銀行) ("**CMB**") in August 1995 and chairman of Shenzhen branch of CMB in October 1997, respectively. From July 1997 to September 2002, he was appointed as the branch manager of Shenzhen branch of ICBC. From September 2002 to July 2009, Mr. Huang was appointed as the president of the Guangdong branch of ICBC.

Mr. Huang obtained his diploma in accounting from South China University of Technology (華南理工大學) in the PRC in July 1997. He obtained a master's degree in management science and engineering from Hunan University (湖南大學) in the PRC in June 2005 and an Executive MBA from China Europe International Business School (中歐國際工商學院) in the PRC in September 2007, respectively.

Mr. Kam Chi Sing (甘志成), aged 51, was appointed as our independent non-executive Director on 28 September 2020 and is primarily responsible for providing independent advice on the operations and management of our Group.

Mr. Kam has over 20 years of experience in management accounting, auditing and assurance, taxation, corporate services and cross border merger and acquisition consultation in Hong Kong and China. Mr. Kam established Roger Kam & Co., a certified public accounting firm in Hong Kong, in May 2000, and R&T Consulting Group Limited ("**R&T Consulting**"), a business consulting firm in Hong Kong, in July 2009. Mr. Kam is currently serving as the managing partner at Roger Kam & Co, the managing director at R&T Consulting and the chief representative of the representative offices of Roger Kam & Co. in Shanghai, Guangzhou and Beijing.

Directors and Senior Management

Mr. Kam is a founding member of the Alliance of Inter-Continental Accountants and is registered as a chartered tax advisor by the Taxation Institute of Hong Kong for the year of 2020. He was admitted as a fellow member of the Association of Chartered Certified Accountants in November 2003, a fellow member of the Hong Kong Institute of Certified Public Accountants in April 2006, a fellow member of the Institute of Financial Accountants in March 2011, a fellow member of the Taxation Institute of Hong Kong in January 2010, a member of the Society of Trust and Estate Practitioners in April 2012 and a member of the Hong Kong Securities and Investment Institute in June 2013, respectively. He is a committee member of the taxation committee, a committee member of the financial and treasury services committee and a committee member of the China committee of Hong Kong General Chamber of Commerce. He has also been serving as a committee member of the Chinese General Chamber of Commerce, Hong Kong since November 2016. Mr. Kam was appointed as a member and honorary treasurer of Hong Kong Red Cross Special Education & Rehabilitation Service Governing Committee in November 2013 and school sponsoring body appointed school manager and treasurer of the Incorporated Management Committee of Hong Kong Red Cross Princess Alexandra School in July 2020.

Mr. Kam obtained his bachelor's degree of science from the University of Hong Kong in November 1993.

Ms. Liu Xiaolan (劉曉蘭), aged 56, was appointed as our independent non-executive Director on 28 September 2020 and is primarily responsible for providing independent advice on the operations and management of our Group.

Ms. Liu is the founder of Lanyu (Shanghai) Business Consulting Center (蘭毓(上海)商務諮詢中心), a company principally engaged in providing strategic and business consulting services. From October 2020 to present, Ms. Liu serves as the independent non-executive director of KWG Living Group Holdings Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 3913). From September 2013 to April 2020, Ms. Liu served as the chairman of the board of Shanghai Yizhen Investment Management Co., Ltd. (上海溢臻投資管理有限公司), a company principally engaged in real estate consulting services and investment management, where she was primarily responsible for its investment decisions and strategy formulation. From March 2012 to November 2012, Ms. Liu served as the general manager at Kunshan Stereo City Investment Management Co., Ltd. (昆山立體之城投資管理有限公司), a company principally engaged in investment management and consulting services, where she was primarily responsible for project investment management. From May 2005 to February 2012, Ms. Liu successively served as an assistant to the president, deputy general manager of the real estate management center, vice president, executive director and general manager at Powerlong Real Estate Holdings Limited (寶龍地產控股有限公司), a real estate developer whose shares are listed on the Main Board of the Stock Exchange (stock code: 1238), where she was primarily responsible for assisting the president with its daily operations, establishment of management system of the project companies and the management of commercial property management business. From May 2002 to May 2005, she served as an assistant to the general manager and the head of the branch management center at Xiamen Powerlong Information Industry Development Co., Ltd. (廈門寶龍信息產業發展有限公司), where she was primarily responsible for assisting the general manager in the daily matters of the company and its branches across China.

Ms. Liu has been serving as a deputy director of academic committee of the APCREA (Asia Pacific Commercial Real Estate Academy) (亞太商業不動產學院) since September 2009, a mentor of Boya Zhixue (Beijing) Investment Consulting Co., Ltd. (博雅知學(北京)投資顧問有限公司) since May 2014, a mentor of China's Real Estate Executive Program (中國房地產實戰研修項目) of E-house & Wharton Case Study and Teaching Facility (易居沃頓案例研究與教育基地) since June 2015, an economic counselor of Chengdu Skyscraper Economics Promotion Association (成都市樓宇經濟促進會) since September 2019 and a special consultant of Tianfu Institute of Building Economy (樓宇經濟天府學院) since June 2019.

Ms. Liu obtained her bachelor's degree in clinical medicine from Fujian University of Traditional Chinese Medicine (福建中醫藥大學) (formerly known as Fujian Chinese Traditional Medical College (福建中醫學院)) in the PRC in July 1988. She completed the Executive Development Program (高級管理培訓) offered by Xiamen University (廈門大學) in the PRC in September 2009 and the China Advanced Management Program offered by Wharton School of University of Pennsylvania in the United States in October 2019.

Save as disclosed in this annual report, there are no other changes to the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules (the "**Listing Rules**") Governing the Listing of Securities on the Stock Exchange.

SENIOR MANAGEMENT

Mr. Yang Zhidong (楊志東), aged 47, has been serving as our chief operating officer since 1 September 2021 and has been primarily responsible for the operations of our Group.

Prior to joining our Group, From January 2010 to August 2021, Mr. Yang successively served as national operation director, segment director of strategic accounts and the head of global strategic account of Chinese multinational companies in Sodexo Group China, a company principally engaged in catering and facilities management services whose shares are listed on the Euronext Paris (stock code: SW), where he was primarily responsible for the business development, strategic planning and overall operation of strategic account of foreign enterprises and global strategic account of Chinese multinational companies. From August 2008 to December 2009, Mr. Yang served as Corporate Service Manager in Intel Corporation (China), a company principally engaged in semiconductor industry and computing innovation whose shares are listed on the NASDAQ (stock code: INTC), where he was primarily responsible for the integrated facilities management of Intel China R & D center. From August 2000 to April 2008, Mr. Yang served as IFM Regional Manager in Motorola Inc, a company principally engaged in chip manufacturing and electronic communication whose shares were previously listed on the NYSE (stock code: MOT) and delisted in January 2011, where he was primarily responsible for the integrated facilities management of Motorola in South China and the initialization of new projects in the Asia Pacific region. After graduation to July 2000, Mr. Yang served as a senior supply chain planner in Eastman Kodak (China) Company, a company principally engaged in imaging products and related services whose shares are listed on the NYSE (stock code: KODK), where he was primarily responsible for the company's supply chain material management and the maintenance of master data in SAP system and he is one of the main principals of MRP II.

Directors and Senior Management

Mr. Yang obtained his bachelor's degree in International Trade from Sun Yat-sen University (中山大學) in PRC in July 1997. Mr. Yang has more than 20 years' experience in integrated facilities management for the world's top 500 enterprises. He is professional in strategic planning, formulation and implementation, especially outstanding in MRPII, Change Management and Solution Planning of super large IFM projects. Apart from those, he also has rich practical experience in team management and serving client needs.

Mr. Li Yijun (李一俊) ("Andy Li"), aged 37, has been serving as our board secretary since November 2021 and has been primarily responsible for investor relations and securities affairs management of our Group.

Prior to joining our Group, Mr. Andy Li had been head of investor relations and head of capital market management department of Shimao Group Holdings Limited (世茂集團控股有限公司) (whose shares are listed on the Main Board of the Stock Exchange, stock code: 813), an investor relations partner of China Vanke Co., Ltd. (萬科企業股份有限公司) (whose shares are listed on the Main Board of the Stock Exchange (stock code: 2202) and the Main Board of Shenzhen Stock Exchange (stock code: 000002)), project manager, assistant of director of international department, deputy director of the office for board of directors and the representative in Hong Kong of Sinopec Shanghai Petrochemical Company Limited (中國石化上海石油化工股份有限公司) ("**Shanghai Petrochemical**") (whose shares are listed on the Main Board of the Stock Exchange (stock code: 338), Main Board of Shanghai Stock Exchange (stock code: 600688) and NYSE (stock code: SHI)). Mr. Andy Li also held a concurrent post of deputy secretary of Shanghai Petrochemical Youth League Committee (上海石化團委) and the executive director of the Eighth Council of Shanghai Interpreters' Association (上海市外事翻譯工作者協會).

Mr. Andy Li has obtained a bachelor of art degree from the PLA Information Engineering University (解放軍信息工程大學) (formerly known as the PLA University of Foreign Languages (解放軍外國語學院) in the PRC, a master of laws degree from Renmin University of China (中國人民大學) in the PRC and a master of corporate governance degree from Hong Kong Metropolitan University (香港都會大學). Mr. Andy Li is a recipient of a scholarship of The Hong Kong Institute of Chartered Secretaries, an associate of The Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators) in the United Kingdom and The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries), and also holds the dual designations of Chartered Secretary and Chartered Governance Professional. Mr. Andy Li also obtained the qualification of board secretary issued by the Shanghai Stock Exchange and is qualified as an economist by the Shanghai Human Resources and Social Security Bureau. Mr. Andy Li has been awarded Personal Second-Class Merit in the Phase 5 Project Construction of Shanghai Petrochemical, Excellent Youth League Cadre of Sinopec Group, Excellent Youth League Cadre of Central SOE award by Central SOE Youth League Committee of SASAC and was nominated by IR magazine as the best investor relations officer in Greater China in 2020, and the team led by him was awarded the New Fortune Best IR of HK-Listed Company in 2019.

Directors and Senior Management

Ms. Zhang Yan (張燕), aged 40, has been serving as our chief human resources officer since February 2022 and has been primarily responsible for the overall management of human capital center of our Group.

Prior to joining our Group, from February 2014 to February 2022, Ms. Zhang Yan successively served as director of recruitment and talent development in China, director of learning and development in China, director of talent management in China, head of diversity and inclusion program in Asia Pacific and the assistant director of human resources in China in Sodexo Group, a company principally engaged in catering and facilities management services whose shares are listed on the Euronext Paris (stock code: SW), where she was primarily responsible for the overall management of human resources operation team and talent development. From August 2005 to February 2014, Ms. Zhang successively served as head of human resources and administration for integrated facility management business in Shanghai, head of national human resources and administration of integrated facilities management business, assistant director, human resources business partner of integrated facilities management department in China, national recruitment head in Jones Lang LaSalle, a company principally engaged in professional services and investment management to real estate whose shares are listed on the NYSE (stock code: JLL), where she was primarily responsible for the recruitment and strategic design in human resources.

Ms. Zhang Yan obtained her bachelor's degree in law from Bohai University (渤海大學) in the PRC in July 2004. From September 2002 to July 2004, Ms. Zhang has participated in the joint study and further education program in law, which was held by Shanghai Fudan University. Ms. Zhang has 17 years' experience in the real estate consulting and facility management services industry.

Directors and Senior Management

Mr. Lv Li (呂力), aged 43, has been serving as our financial controller since February 2018 and has been primarily responsible for the financial management of our Group.

Prior to joining our Group, from September 2017 to January 2018, Mr. Lv served as the board secretary of the securities investment department of Tiandi No. 1 Beverage Inc. (天地壹號飲料股份有限公司), a company principally engaged in the manufacturing and sales of non-alcoholic beverage whose shares are listed on the NEEQ (stock code: 832898), where he was primarily responsible for its financial management and corporate compliance matters. From June 2015 to June 2017, Mr. Lv served as a director, chief financial officer and board secretary of Shenzhen Home E&E Commercial Services Group Co., Ltd. (深圳市美易家商務服務集團股份有限公司), a property management service provider whose shares were previously listed on the NEEQ (stock code: 834669) and delisted in December 2017, where he was primarily responsible for its financial management and compliance matters. From 2010 to September 2015, Mr. Lv served several positions including the financial controller and board secretary at SurExam Bio-Tech Co., Ltd. (益善生物技術股份有限公司), a biotechnology company whose shares are listed on the NEEQ (stock code: 430620), where he was primarily responsible for its financial management and corporate compliance matters. From July 2001 to August 2010, Mr. Lv worked at several accountant firms with his last position as a department manager at the Guangzhou branch office of Beijing Yong Tuo Certified Public Accountants LLP (北京永拓會計師事務所) where he was primarily responsible for the audit work of various listed companies.

Mr. Lv obtained his bachelor's degree in accounting from Jinan University (暨南大學) in the PRC in June 2001. Mr. Lv was qualified as an intermediate auditor (中級審計師) by the Ministry of Human Resources and Social Security of Guangdong Province (廣東省人力資源和社會保障廳) in December 2013. He also received the Qualification Certificate of Board Secretary (董事會秘書資格證書) from the Shenzhen Stock Exchange in March 2014.

Mr. Ma Fangzhou (馬防周), aged 44, has been serving as the general manager of our residential business department since June 2013 and has been primarily responsible for the overall management of property management services for residential projects of our Group.

Prior to joining our Group, from September 2011 to June 2013, Mr. Ma served as an assistant general manager at the Shenzhen branch of Jinbi Property Management Co., Ltd. (金碧物業有限公司), a property management service provider and a wholly-owned subsidiary of China Evergrande Group (中國恒大集團), a real estate developer whose shares are listed on the Stock Exchange (stock code: 3333), where he was primarily responsible for its overall management in Shenzhen and Chaozhou. From July 2001 to September 2011, Mr. Ma successively served as a project manager and manager of the property management department of Shenzhen Property Management Co., Ltd. (深圳市物業管理有限公司), a property management service provider, where he was primarily responsible for its property management business.

Mr. Ma obtained his bachelor's degree in architectural engineering from Central South University (中南大學) in the PRC in July 2001.

Report of the Directors

The board (the "**Board**") of directors (the "**Directors**") of the Company is pleasant to submit their report together with the audited consolidated financial statements of the Company and its subsidiaries (the "**Group**") during the Reporting Period.

GLOBAL OFFERING

The Company is an exempted company with limited liability incorporated in the Cayman Islands on 13 January 2020. The Company's shares (the "**Shares**") were listed on the Main Board of the Stock Exchange on 19 October 2020 (the "**Listing Date**").

PRINCIPAL ACTIVITIES

The Group is a leading commercial real estate service operator in China, which is dedicated to the provision of customized one-stop comprehensive operation and management services for customers and offers full-life cycle asset maintenance and full-chain overall service solutions. The Group focuses on commercial properties as its primary development path to achieve a diversified combination of full range of businesses covering high-end commercial office buildings, commercial complexes, high-tech industrial parks, government buildings and residential apartments. The service types of the group include real estate consulting, asset operation and management, equipment and facilities management, construction and mechanical and electrical services, business environment services, comprehensive administrative logistics and other services. At the same time, the group also provides apartment rental services and micro-lending to small and medium enterprises, individual business proprietors and individuals. The Company is mainly engaged in operating its business in China. The analysis of principal activities of the Group for the year ended 31 December 2021 is set out in note 4 to the consolidated financial statements.

FINANCIAL RESULTS

The financial results of the Group for the year ended 31 December 2021 are set out in the consolidated statements of profit or loss and other comprehensive income on pages 92 to 93 of the annual report.

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board recommend the payment of a final dividend of HK17.38 cents per share for the year ended 31 December 2021 (the "**Final Dividend**") which is subject to approval by the Company's shareholders (the "**Shareholders**") at the forthcoming annual general meeting (the "**AGM**") to be held on 15 June 2022, and is expected to be paid on or around 11 July 2022 to the Shareholders whose names appear on the register of members of the Company on 24 June 2022.

For the purpose of determining the identity of the Shareholders entitled to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 9 June 2022 to Wednesday, 15 June 2022 (both days inclusive). In order to be eligible for attending and voting the AGM, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queens Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 8 June 2022.

Report of the Directors

For the purpose of determining the identity of the Shareholders entitled to receive the Final Dividend, the register of members of the Company will be closed from Wednesday, 22 June 2022 to Friday, 24 June 2022 (both days inclusive). In order to be eligible for receiving the Final Dividend, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queens Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 21 June 2022.

During the book closure periods mentioned above, no transfer of Shares will be effected.

DIVIDEND POLICY

Subject to the Companies Law of the Cayman Islands, through a general meeting we may declare dividends in any currency but no dividend shall be declared in excess of the amount recommended by the Board. The articles of association of the Company (the "**Articles of Association**") provide that dividends may be declared and paid out of our profit, realised or unrealised, or from any reserve of the Company lawfully available for distribution including share premium.

The declaration of dividends is subject to the discretion of the Directors, and the amounts of dividends actually declared and paid will also depend upon the following factors:

- our general business conditions;
- our financial results;
- our capital requirements;
- interests of our Shareholders; and
- any other factors which the Board may deem relevant.

The Board adopted a dividend policy that aims to allow the Shareholders to participate in the Company's profits by provision of dividends whilst preserving the Company's liquidity to capture future growth opportunities. Our future dividend payments to our Shareholders will also depend upon the availability of dividends received from our subsidiaries in the PRC. PRC laws require that dividends be paid out of the net profit calculated according to PRC accounting principles, which differ in certain aspects from HKFRSs. PRC laws also require enterprises located in the PRC to set aside part of their net profit as statutory reserves before they distribute the net proceeds. These statutory reserves are not available for distribution as cash dividends. Furthermore, distributions from our subsidiaries may be restricted if they incur debts or losses or as a result of any restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries may enter into in the future. The Board shall continually review the policy from time to time.

Any final dividend for a fiscal year shall be subject to our Shareholders' approval. The Group has not been aware of any arrangement under which a Shareholder has waived or agreed to waive any dividends.

Report of the Directors

BUSINESS REVIEW

Business review in 2021 and discussion about future business development of the Group, as well as main risks and uncertain factors to be faced by the Group are set forth in the section headed “Chairman’s Statement” from page 4 to page 5 of the annual report, respectively. The performance analysis of the Group in 2021 based on key financial indicators is set forth in the Management Discussion and Analysis from page 6 to page 36 of the annual report.

The Group believes sustainable development is an important part in our development, and applies this concept to every aspect of our business operation and strives to create a better future for the Company and the society. The Group will deliver an independent Environmental, Social and Governance Report prepared in accordance with Appendix 27 Environmental, Social and Governance Reporting Guide to the Listing Rules.

FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on pages 191 to 192 of this annual report. The summary does not form part of the audited consolidated financial statements.

USE OF PROCEEDS FROM THE LISTING

Details of the use of proceeds from the listing is set forth in the section headed “Management Discussion and Analysis” from page 6 to page 36 of the annual report.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

For the year ended 31 December 2021, the transaction amounts of the Group’s top five customers accounted for 31.2% of the total income (2020: 31.7%), and the transaction amounts of the Group’s single largest customer accounted for 17.3% of the total income (2020: 11.9%).

Major Suppliers

For the year ended 31 December 2021, the transaction amounts of the Group’s top five suppliers accounted for 23.7% of the total purchases of the Group for the year ended 31 December 2021 (2020: 30.8%), and the transaction amounts of the Group’s single largest supplier accounted for 7.2% of the total purchases (2020: 10.4%).

During the Reporting Period, none of the Directors, any of their respective close associates or any Shareholders (which to the knowledge of the Directors owns more than 5% of the Company’s shares in issue) are interested in the top five customers or suppliers of the Group.

Report of the Directors

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of movements in the Company's share capital during the Reporting Period are set out in note 29 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Company and the Group during the year ended 31 December 2021 are set out in the consolidated statements of changes in equity on pages 96 to 97 of the annual report.

RESERVES AVAILABLE FOR DISTRIBUTION

As at 31 December 2021, the Company's reserves available for distribution amounted to approximately RMB2,837,856,000 (2020: approximately RMB2,892,546,000).

BANK LOANS AND OTHER BORROWINGS

Details of the bank loans and other borrowings of the Company and the Group as at 31 December 2021 are set out in note 23 to the consolidated financial statements.

DIRECTORS

The Directors during the Reporting Period and up to the date of this annual report are as follows:

Executive Directors:

Mr. Li Xiaoping *(Chairman)*
Ms. Guo Ying

Non-executive Directors:

Mr. Wang Dou
Mr. Wang Yinhu

Independent Non-executive Directors:

Mr. Huang Mingxiang
Mr. Kam Chi Sing
Ms. Liu Xiaolan

In accordance with article 84(1) of the Company's articles of association (the "**Articles of Association**"), at each annual general meeting one-third of the Directors for the time being (or, if the number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

Accordingly, Mr. Wang Yinhu, Mr. Huang Mingxiang and Mr. Kam Chi Sing shall retire from office and, being eligible, will offer themselves for re-election at the annual general meeting.

The particulars of Directors who are subject to re-election at the annual general meeting are set out in the circular dated 26 April 2022 to be despatched to the Shareholders.

DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out on pages 37 to 44 of this annual report.

CONFIRMATION OF THE INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors, namely Mr. Huang Mingxiang, Mr. Kam Chi Sing, and Ms. Liu Xiaolan, a confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The independent non-executive Directors do not and will not be involved in the daily operation of the Group and will abstain from voting in respect of any resolution. Therefore, the Company considers all of the independent non-executive Directors are independent persons for the year ended 31 December 2021.

SERVICE CONTRACT AND LETTER OF APPOINTMENT OF THE DIRECTORS

Each of our executive Directors has entered into a service agreement with our Company for a term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either party on the other.

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

Save as disclosed above, during the Reporting Period and up to the date of this annual report, none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

INTEREST OF DIRECTORS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENT OR CONTRACTS

During the Reporting Period and up to the date of this annual report, none of the Directors has a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, any of its subsidiaries or fellow subsidiaries was a party.

MANAGEMENT CONTRACTS

No contracts other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company were entered into or existed during the Reporting Period and up to the date of this annual report.

EMPLOYEES AND REMUNERATION POLICY

The remuneration committee of the Company (the "**Remuneration Committee**") was set up for reviewing the Group's remuneration policy and structure of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices.

As at 31 December 2021, the Group had a total of 12,205 and 72 full-time employees (31 December 2020: 11,532 and 72) in the PRC and India, respectively. The Group provides its employees with competitive remuneration packages such as fees, salaries, allowances and benefits in kind, bonuses and contributions to pension schemes and social benefits. The Group contributes to social insurance such as medical insurance, work-related injury insurance, pension insurance, maternity insurance, unemployment insurance and housing provident fund for its employees.

The Group's companies incorporated in the PRC contribute based on certain percentage of the salaries of the employees to a defined contribution retirement benefit plan and other defined contribution social security plans organised by relevant government authorities in the PRC on a monthly basis. The government authorities undertake to assume the retirement benefit obligations payable and other social security payables to all existing and future retired employees under these plans and the Group has no further obligation beyond the contributions made. Contributions to these plans are expensed as incurred. Assets of the plans are held and managed by government authorities and are separate from those of the Group. No forfeited contribution under these plans is available to reduce the contribution payable in future years.

The Group also participates in a employees' provident fund for all employees in India, which is a defined contribution retirement scheme, the contributions to the employees' provident fund are based on statutory contribution requirement of eligible employees' relevant aggregate income. No forfeited contribution under the the employees' provident fund is available to reduce the contribution payable in future years. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

Details of the remuneration of the Directors, and the five highest paid individuals during the Reporting Period are set out in note 8 and note 9 to the consolidated financial statements respectively.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Details of the retirement and employee benefits scheme of the Company are set out in note 9 to the consolidated financial statements.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2021, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules were as follows:

Interests in the Shares of the Company

Name of Director	Capacity/Nature of Interest	Number of Shares Held	Approximate Percentage of Interests in the Company(4)	Long/Short Position
Mr. Li Xiaoping	Interest of spouse	117,900,000(1)	9.64%	Long position
	Beneficial owner	16,472,000(2)	1.35%	Long position
Ms. Guo Ying	Beneficial owner	1,275,000(3)	0.10%	Long position

Notes:

(1) Mr. Li Xiaoping is the spouse of Ms. Xiao Xingping ("**Ms. Xiao**"). By virtue of the SFO, Mr. Li is deemed to be interested in the same number of Shares in which Ms. Xiao is interested.

(2) Including 16,200,000 share options of our Company which have been granted but have not yet been exercised as at the date of this annual report.

(3) Including 1,200,000 share options of our Company which have been granted but have not yet been exercised as at the date of this annual report.

(4) The percentage is calculated on the basis of 1,222,490,000 Shares in issue as at 31 December 2021.

Save as disclosed above, as at 31 December 2021, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, at no time during the Reporting Period were there rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or children under the age of 18, or were there any such rights exercised by the Directors; or was the Company, or any of its holding companies, fellow subsidiaries and subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2021, as far as the Directors are aware, the following persons (other than the Directors and chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, and which were required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO:

Interests in the Shares

Name of Shareholder	Capacity/Nature of Interest	Number of Shares Held	Approximate Percentage of Interests in the Company(5)	Long/Short Position
Mr. Li Wa(1)	Interest in a controlled corporation	722,440,000	59.10%	Long position
Oriental Rich Holdings Group Limited ("**Oriental Rich**")(1)	Interest in a controlled corporation	722,440,000	59.10%	Long position
Urban Hero Investments Limited ("**Urban Hero**")(1)	Beneficial owner	722,440,000	59.10%	Long position
Ms. Xiao Xingping(2)(3)	Interest in a controlled corporation	117,900,000(2)	9.64%	Long position
	Interest of spouse	16,472,000(3)	1.35%	Long position
Ever Rainbow Holdings Limited ("**Ever Rainbow**")(2)	Beneficial owner	117,900,000	9.64%	Long position
Mr. Li Yuan(4)	Interest in a controlled corporation	63,000,000	5.15%	Long position
Autumn Riches Limited ("**Autumn Riches**")(4)	Beneficial owner	63,000,000	5.15%	Long position

Notes:

(1) Urban Hero is wholly owned by Oriental Rich, which is in turn wholly owned by Mr. Li Wa. By virtue of the SFO, each of Oriental Rich and Mr. Li Wa is deemed to be interested in the same number of Shares in which Urban Hero is interested.

(2) Ever Rainbow is wholly owned by Ms. Xiao. By virtue of the SFO, Ms. Xiao is deemed to be interested in the same number of Shares in which Ever Rainbow is interested.

(3) Ms. Xiao is the spouse of Mr. Li Xiaoping. By virtue of the SFO, Ms. Xiao is deemed to be interested in the same number of Shares in which Mr. Li Xiaoping is interested. The interests owned by Mr. Li Xiaoping include the form of 16,200,000 share options of our Company which have been granted but have not yet been exercised as at the date of this annual report.

(4) Autumn Riches is wholly owned by Mr. Li Yuan. By virtue of the SFO, Mr. Li Yuan is deemed to be interested in the same number of Shares in which Autumn Riches is interested.

(5) The percentage is calculated on the basis of 1,222,490,000 Shares in issue as at 31 December 2021.

Save as disclosed above, as at 31 December 2021, the Directors were not aware of any persons (who were not Directors or chief executives of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

SHARE OPTION SCHEME

1. Share Option Scheme

The Share Option Scheme was approved and adopted by the written resolutions of our Shareholders on 28 September 2020. The Share Option Scheme is subject to the requirements under Chapter 17 of the Listing Rules. No options have been granted under the Share Option Scheme from the date of its adoption up to the date of this annual report. For further details on the Share Option Scheme, please refer to "Appendix IV – Statutory and General Information – D. Other Information – 1. Share Option Scheme" in the Prospectus.

The remaining life of the Share Option Scheme is around 8 years.

2. Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme was approved and adopted by the written resolution of our Shareholders on 9 September 2020. For further details on the Pre-IPO Share Option Scheme, please refer to "Appendix IV – Statutory and General Information – D. Other Information – 2. Pre-IPO Share Option Scheme" in the Prospectus.

On 9 September 2020, the Company granted the options in relation to a total of 28,200,000 shares to the eligible persons in accordance with the terms of the Pre-IPO Share Option Scheme.

Report of the Directors

For the year ended 31 December 2021, details of the movements on the share option under the Pre-IPO Share Option Scheme are set out as follows:

Category and name of the Grantee	Date of Grant	Vesting period	Exercise period	Outstanding as at 1 January 2021	Granted during the year	Exercised during the year ended 31 December 2021	Lapsed during the year ended 31 December 2021	Cancelled during the year ended 31 December 2021	Outstanding as at 31 December 2021	Exercise price per share (HK$)
Directors										
Mr. Li Xiaoping	9 September 2020	(i) one third of the total number of the share options will be vested after the date of the publication of the annual report of the Group for the year ending December 31, 2021; (ii) one third of the total number of the share options will be vested after the date of the publication of the annual report of the Group for the year ending December 31, 2022; and (iii) one third of the total number of the share options will be vested after the date of the publication of the annual report of the Group for the year ending December 31, 2023.	within 5 years after the vesting date	16,200,000	–	–	–	–	16,200,000	5.36

Category and name of the Grantee	Date of Grant	Vesting period	Exercise period	Outstanding as at 1 January 2021	Granted during the year	Exercised during the year ended 31 December 2021	Lapsed during the year ended 31 December 2021	Cancelled during the year ended 31 December 2021	Outstanding as at 31 December 2021	Exercise price per share (HK$)
Ms. Guo Ying	9 September 2020	(i) one third of the total number of the share options will be vested after the date of the publication of the annual report of the Group for the year ending December 31, 2021; (ii) one third of the total number of the share options will be vested after the date of the publication of the annual report of the Group for the year ending December 31, 2022; and (iii) one third of the total number of the share options will be vested after the date of the publication of the annual report of the Group for the year ending December 31, 2023.	within 5 years after the vesting date	1,200,000	–	–	–	–	1,200,000	5.36
Subtotal				17,400,000	–	–	–	–	17,400,000	

Report of the Directors

Category and name of the Grantee	Date of Grant	Vesting period	Exercise period	Outstanding as at 1 January 2021	Granted during the year	Exercised during the year ended 31 December 2021	Lapsed during the year ended 31 December 2021	Cancelled during the year ended 31 December 2021	Outstanding as at 31 December 2021	Exercise price per share (HK$)
Other participants	9 September 2020	(i) one third of the total number of the share options will be vested after the date of the publication of the annual report of the Group for the year ending December 31, 2021; (ii) one third of the total number of the share options will be vested after the date of the publication of the annual report of the Group for the year ending December 31, 2022; and (iii) one third of the total number of the share options will be vested after the date of the publication of the annual report of the Group for the year ending December 31, 2023.	within 5 years after the vesting date	10,800,000	–	–	2,949,841	–	8,305,159	5.36
Total				28,200,000	–	–	2,494,841	–	25,705,159	

Further details of the Pre-IPO Share Option Scheme during the Reporting Period are set out in note 27 to the consolidated financial statements.

3. Summary of the Share Option Schemes

	Pre-IPO Share Option Scheme	Share Option Scheme
Purpose	To enable the Company to grant options to Pre-IPO Eligible Participants (as defined below) as incentives or rewards for their contribution or potential contribution to any member of our Group.	To recognize and acknowledge the contributions that the Eligible Participants (as defined below) had or may have made to our Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in our Company with the view to achieving the following objectives: (i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of our Group; and (ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of our Group.
Who may join	The Board may at its discretion grant options to persons who satisfy the following eligibility criteria ("**Pre-IPO Eligible Participant(s)**"): (i) any full-time employee, administrative personnel, and senior staff of an member of our Group; (ii) any director (including non-executive director and independent non-executive director) of any member of our Group; (iii) any other eligible person who, in the discretion of our Board and its authorized person, has made contributions or will make contributions to our Group.	The Board may, at its discretion, offer to grant an option to the following persons (collectively the "**Eligible Participants**"): (i) any full-time or part-time employees, executives or officers of our Company or any of our subsidiaries; (ii) any directors (including non-executive directors and independent non-executive directors) of our Company or any of our subsidiaries; and (iii) any advisors, consultants, suppliers, customers, distributors and such other persons who, in the sole opinion of the Board, will contribute or have contributed to our Company and/or any of our subsidiaries.

Report of the Directors

	Pre-IPO Share Option Scheme	Share Option Scheme
Maximum number of Shares available for issue	The maximum number of Shares in respect of which options may be granted under the Pre-IPO Share Option Scheme is 28,200,000 Shares, representing 2.35% and 2.31% of the issued share capital of our Company as at the Listing Date and the date of this annual report respectively. No further option could be granted under the Pre-IPO Share Option Scheme. As at the date of this annual report, the total number of Shares available for issue under the Post-IPO Share Option Scheme was 28,200,000 Shares, representing approximately 2.31% of the total number of issued Shares as at the date of this annual report.	The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option scheme of the Company is 120,000,000 Shares, representing 10% and 9.83% of the issued share capital of our Company as at the Listing Date and the date of this annual report respectively. The maximum number of Shares that may be issued upon exercise of all outstanding options granted and yet to be granted under the Share Option Scheme and any other schemes must not in aggregate exceed 30% of the total number of Shares in issue from time to time. As at the date of this annual report, the total number of Shares available for issue under the Share Option Scheme was 120,000,000 Shares, representing approximately 9.83% of the total number of issued Shares as at the date of this annual report.
Maximum entitlement of each participant	The respective entitlement of each participant as granted on 9 September 2020.	1% of the issued share capital of the Company from time to time within any 12-month period up to the date of offer.
Acceptance of an offer of options	An offer shall be deemed to have been accepted when the duplicate letter comprising acceptance of the offer is duly signed by the Grantee, together with a payment of HK$1.00 by way of consideration for the grant thereof, is received by our Company. To the extent that the offer is not accepted within 30 days from the offer date, it will be deemed to have been irrevocably declined.	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 our Company of HK$1.00 by way of consideration for the grant thereof, is received by our Company on or before the relevant acceptance date.

	Pre-IPO Share Option Scheme	Share Option Scheme
Option period	An option may be exercised according to the terms of the Pre-IPO Share Option Scheme in whole or in part by the Grantee subject to fulfillment the vesting conditions determined by the Board but before the expiry of five years after the grant date.	The Board may in its absolute discretion determine the period during which an option may be exercised or specify any performance targets at the time of grant of options which shall be satisfied by the grantee before his options may be exercised.
Exercise Price	The exercise price per Share in respect of any particular option granted under the Pre-IPO Share Option Scheme is HK$5.36, which was determined with reference to the fair value of the Shares as at 3 August 2020, based on a valuation report prepared by an independent valuer appointed by our Company.	Exercise price shall be at least the higher of: (i) the official closing price of our Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, 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 of grant; and (iii) the nominal value of a Share.
Other condition	Within one year after the date of exercise of the option, a Grantee shall not sell, offer to sell, contract or agree to sell, transfer, mortgage, charge, pledge or otherwise dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares which have been issued to him/her pursuant to his/her exercise of any option granted to and vested on him/her under the Pre-IPO Share Option Scheme.	–

The Pre-IPO Share Option Scheme is not subject to the provision of Chapter 17 of the Listing Rules. No further options will be granted under the Pre-IPO Share Option Scheme.

The Share Option Scheme shall be valid and effective for a period of 10 years from the Listing Date, i.e. until 18 October 2030.

Save as disclosed above, the Company has not adopted any other share option scheme.

EQUITY-LINKED AGREEMENT

Save as disclosed in the annual report, there was no equity-linked agreement entered into by the Company or any of its subsidiaries or subsisted at the end of the year.

PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES

During the year ended 31 December 2021, the Company purchased a total of 2,142,000 Shares on the Stock Exchange for a total consideration of approximately HK$9,926,180 (inclusive of expenses). All purchased shares were subsequently cancelled on 24 January 2022.

Details of such purchase are as follows:

Month of purchase	Number of Shares purchased	Purchase price Highest (HK$)	Purchase price Lowest (HK$)	Total purchase price (inclusive of expenses) (HK$)
December 2021	2,142,000	4.88	4.35	9,926,180.00
	2,142,000			9,926,180.00

Save as disclosed above, during the year ended 31 December 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

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

TAX RELIEF AND EXEMPTION

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

INTERESTS OF DIRECTORS IN THE COMPETING BUSINESS

Save as disclosed in the Prospectus, none of the Directors or their associates had any interest in any business which directly or indirectly compete or may compete with the businesses of our Group for the year ended 31 December 2021.

COMPLIANCE WITH NON-COMPETITION DEED

On 4 October 2020, the controlling shareholders of the Company, namely, Mr. Li Wa, Oriental Rich and Urban Hero (the "**Controlling Shareholders**"), have entered into the Non-competition Deed in favour of the Company and its subsidiaries, pursuant to which, the Controlling Shareholders will not, and will not procure their associates to compete with the Group in relation to the relevant business. Our Controlling Shareholders have also undertaken to our Company that they will, and will procure their associates to refer the New Business Opportunity to our Company. For details, please refer to the section headed "Relationship with Controlling Shareholders" in the Prospectus.

The independent non-executive Directors of the Company are responsible for checking, reviewing, considering and deciding whether or not to adopt and accept new business opportunities referred by the Controlling Shareholders or its subsidiaries to the Company.

Our Controlling Shareholders have undertaken that they have complied with the Non-competition Deed during the Year. The independent non-executive Directors of the Company have monitored and reviewed the implementation of the Non-competition Deed during the year ended 31 December 2021 and confirmed that the Controlling Shareholders have fully complied with the Non-competition Deed and no breach of the Non-competition Deed occurred.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Saved as disclosed in this report, there was no contract of significance to which the Company or any of its subsidiaries was a party and in which any controlling shareholders of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2021.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Connected Transactions

During the year under review, the Company has strictly complied with the requirements set out in Chapter 14A of the Listing Rules in respect of its continuing connected transactions. Details of the continuing connected transactions are as follows:

Report of the Directors

Continuing Connected Transactions

During the Reporting Period, the Group has entered into the following continuing connected transactions:

1. *Commercial Properties Lease Agreement*

On 5 October 2020, our Company (for itself and on behalf of its other subsidiaries) entered into a master commercial properties lease agreement (the "**Master Commercial Properties Lease Agreement**") with Mr. Li Wa ("**Mr. Li**"), pursuant to which we will lease from associates of Mr. Li ("**Mr. Li's Companies**") (i) certain car parking lots situated in residential and commercial properties managed by us for sub-leasing to residents and tenants in those residential and commercial properties; and (ii) certain public areas in the commercial properties held by Mr. Li's Companies and managed by us for commercial use, including but not limited to advertisement and provision of car wash services. The Master Commercial Properties Lease Agreement has a term commencing from the Listing Date until 31 December 2022.

The maximum annual fee payable by us under the Master Commercial Properties Lease Agreement for the three years ended 31 December 2022 will not exceed RMB39.2 million, RMB60.9 million and RMB80.2 million, respectively. For the year ended 31 December 2021, the Group's fees paid for the Master Commercial Properties Lease Agreement amounted to RMB55.6 million.

As at 31 December 2021, Mr. Li is one of our Controlling Shareholders and is therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Commercial Properties Lease Agreement constituted continuing connected transactions for our Company under Chapter 14A of the Listing Rules.

2. *Master Procurement & Maintenance Services Agreement*

On 5 October 2020, our Company (for itself and on behalf of its other subsidiaries) entered into a master procurement and maintenance services agreement (the "**Master Procurement & Maintenance Services Agreement**") with Shenzhen Shenghengda Elevator Co., Ltd. (深圳盛恒達電梯有限公司), ("**Shenghengda Elevator**"), pursuant to which our Group agreed to (i) procure elevators accessories from Shenghengda Elevator; and (ii) engage Shenghengda Elevator to provide accessorial installation, maintenance and repair services for such elevators (the "**Procurement & Maintenance Services**"). The Master Procurement & Maintenance Services Agreement has a term commencing from the Listing Date until 31 December 2022.

The maximum annual fee payable by our Group in relation to the Procurement & Maintenance Services to be provided by Shenghengda Elevator for the three years ended 31 December 2022 will not exceed RMB31.1 million, RMB37.3 million and RMB40.2 million, respectively. For the year ended 31 December 2021, the Group's fees paid for the Procurement & Maintenance Services amounted to RMB10.3 million.

As at 28 May 2021, Ms. Li Xin resigned as a director of Shenzhen Shenghengda Electrical Equipment Co., Ltd. (深圳市盛恒達機電設備有限公司), a wholly-owned subsidiary, for 12 months. Therefore, Shenghengda Elevator has not been a connected person of our Company for the purpose of the Listing Rules since then. Accordingly, prior to May 28 2021, the transactions under the Master Procurement & Maintenance Services Agreement constituted continuing connected transactions for our Company under Chapter 14A of the Listing Rules.

3. *Master IT System Support Services Agreement*

On 5 October 2020, our Company (for itself and on behalf of its other subsidiaries) entered into a master information technology system support services agreement (the "**Master IT System Support Services Agreement**") with Shenzhen Zhenglian Haodong Technology Development Co., Ltd. ("**Zhenglian Haodong**"), pursuant to which Zhenglian Haodong agreed to provide information technology system support services to our Group, including but not limited to (i) development, operation, maintenance and upgrade of online intelligent platform for property management; and (ii) maintenance and upgrade of online office system, business process management system and internal control management system (the "**IT System Support Services**"). The Master IT System Support Services Agreement has a term commencing from the Listing Date until 31 December 2022.

The maximum annual fee payable by our Group in relation to the IT System Support Services to be provided by Zhenglian Haodong for the three years ended 31 December 2022 will not exceed RMB2.6 million, RMB3.9 million and RMB4.3 million, respectively. For the year ended 31 December 2021, the Group's fees paid for the IT System Support Services amounted to RMB3.0 million.

As at 31 December 2021, Zhenglian Haodong was indirectly controlled by Excellence Real Estate Group Co., Ltd. ("**Excellence Real Estate**") which was owned as to 95.0% by Mr. Li. Mr. Li is one of our Controlling Shareholders and Zhenglian Haodong is therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master IT System Support Services Agreement constituted continuing connected transactions for our Company under Chapter 14A of the Listing Rules.

Report of the Directors

4. Property Agency Services Framework Agreement

On 5 October 2020, our Company (for itself and on behalf of its other subsidiaries) entered into a property agency services framework agreement (the "**Property Agency Services Framework Agreement**") with Mr. Li, pursuant to which our Group agreed to provide property agency services in respect of (i) the sales of residential and commercial properties developed by Mr. Li's Companies, (ii) the unleased units in the office buildings and unleased ancillary commercial units in the residential communities owned by Mr. Li's Companies and managed by us (the "**Property Agency Services**"). The Property Agency Services Framework Agreement has a term commencing from the Listing Date until 31 December 2022.

The maximum annual fee payable by Mr. Li's Companies in relation to the Property Agency Services under the Property Agency Services Framework Agreement for the three years ended 31 December 2022 will not exceed RMB2.6 million, RMB2.9 million and RMB3.2 million, respectively. For the year ended 31 December 2021, the Group's fees charged under the Property Agency Services Framework Agreement amounted to RMB2.7 million.

Mr. Li Wa is one of our Controlling Shareholders and is therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Property Agency Services Framework Agreement constituted continuing connected transactions for our Company under Chapter 14A of the Listing Rules.

5. Master Property Management Services Agreement

On 5 October 2020, our Company (for itself and on behalf of its other subsidiaries) entered into a master property management services agreement (the "**Master Property Management Services Agreement**") with Mr. Li, pursuant to which we agreed to provide Mr. Li's Companies with property management services, including but not limited to (i) pre-delivery services including (a) the on-site security, cleaning, and display units and on-site sales office management services; (b) preliminary planning and design consultancy services; (c) house inspection; and (d) pre-delivery cleaning services; and (ii) the property management services for the unsold residential property units and commercial properties owned and used by Mr. Li's Companies, for a term commencing from the Listing Date to 31 December 2022.

The maximum annual fee payable by Mr. Li's Companies in relation to the Property Management Services for the three years ended 31 December 2022 will not exceed RMB204.8 million, RMB291.7 million and RMB370.3 million, respectively. For the year ended 31 December 2021, the Group's fees charged under the Property Management Services amounted to RMB290.6 million.

As at 31 December 2021, Mr. Li Wa is one of our Controlling Shareholders and is therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Property Management Services Agreement constituted continuing connected transactions for our Company under Chapter 14A of the Listing Rules.

6. *Master Supply & Installation Agreement*

On 5 October 2020, our Company (for ourselves and on behalf of our other subsidiaries) entered into a master supply and installation agreement (the "**Master Supply & Installation Agreement**") with Mr. Li, pursuant to which our Group agreed to provide assistance to (i) the supply of (a) ventilation and air conditioning system; (b) floor heating and water heating system; and (c) intelligent home system including but not limited to access control and surveillance system to Mr. Li's Companies; and (ii) the related installation services (the "**System Supply & Installation Services**"). The Master Supply & Installation Agreement has a term commencing from the Listing Date until 31 December 2022.

The total contract value with Mr. Li's Companies in relation to the System Supply & Installation Services for the three years ended 31 December 2022 will not exceed RMB108.6 million, RMB150.0 million and RMB235.0 million, respectively. For the year ended 31 December 2021, the total contract value of the Group for the System Supply & Installation Services amounted to RMB127.1 million.

On 31 December 2021, Mr. Li is one of our Controlling Shareholders and is therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Supply & Installation Agreement constituted continuing connected transactions for our Company under Chapter 14A of the Listing Rules.

7. *Master Intelligent Community Services Agreement*

On 12 November 2021, our Company (for ourselves and on behalf of our other subsidiaries) entered into a master intelligent community services agreement (the "**Master Intelligent Community Services Agreement**") with Mr. Li, pursuant to which our Group agreed to provide assistance to (i) the supply of (a) intelligent community technical blueprints; (b) services of intelligent community software development and testing, production environment software and hardware debugging, property project on-site software and hardware debugging; and (c) services of on-site electronic equipment installation, joint testing and handover of property project management personnel for property projects. The Master Intelligent Community Services Agreement has a term commencing from 12 November 2021 until 31 December 2022.

Maximum annual charges payable by Mr. Li's Companies in relation to the Master Intelligent Community Services for the two years ended 31 December 2022 will not exceed RMB65.0 million and RMB120.0 million, respectively. For the year ended 31 December 2021, the total fees charged by the Group for the Master Intelligent Community Services Agreement amounted to amounted to RMB0 million.

On 31 December 2021, Mr. Li is one of our Controlling Shareholders and is therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Intelligent Community Services Agreement constituted continuing connected transactions for our Company under Chapter 14A of the Listing Rules.

Report of the Directors

8. *Master Construction Material Trading Agreement*

On 12 November 2021, our Company (for ourselves and on behalf of our other subsidiaries) entered into a master construction material trading agreement (the "**Master Construction Material Trading Agreement**") with Mr. Li, pursuant to which our Group agreed to provide assistance to (i) the supply of (a) construction materials (including but not limited to wires and cables, ceramic tiles and wooden flooring). The Master Construction Material Trading Agreement has a term commencing from 12 November 2021 until 31 December 2022.

The maximum annual charges payable by Mr. Li's Companies in relation to the Master Construction Material Trading for the two years ended 31 December 2022 will not exceed RMB115.0 million and RMB120.0 million, respectively. For the year ended 31 December 2021, the total fees charged by the Group for the Master Construction Material Trading amounted to RMB96.3 million.

On 31 December 2021, Mr. Li is one of our Controlling Shareholders and is therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Construction Material Trading Agreement constituted continuing connected transactions for our Company under Chapter 14A of the Listing Rules.

9. *Master Marketing and Promotion Services Agreement*

On 12 November 2021, our Company (for ourselves and on behalf of our other subsidiaries) entered into a master marketing and promotion services agreement (the "**Master Marketing and Promotion Services Agreement**") with Mr. Li, pursuant to which our Group agreed to provide assistance to (i) the supply of (a) the formulation and implementation of marketing activities plan; (b) conference services. The master marketing and promotion services agreement has a term commencing from 12 November 2021 until 31 December 2022.

The maximum annual charges payable by Mr. Li's Companies in relation to the Master Marketing and Promotion Services Agreement for the two years ended 31 December 2022 will not exceed RMB120.0 million. For the year ended 31 December 2021, the total fees charged by the Group for the Master Marketing and Promotion Services amounted to RMB104.8 million.

On 31 December 2021, Mr. Li is one of our Controlling Shareholders and is therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Marketing and Promotion Services Agreement constituted continuing connected transactions for our Company under Chapter 14A of the Listing Rules.

ANNUAL REVIEW

During the Reporting Period and pursuant to Rule 14A.55 of the Listing Rules, our independent non-executive Directors have reviewed the above non-exempt continuing connected transactions and have confirmed that such transactions were entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) on terms that are fair and reasonable and in a manner that is in the overall interests of the Company and its shareholders.

For the purpose of Rule 14A.56 of the Listing Rules, the Company's auditors were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have issued their letter containing the findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules, and concluded that such transactions:

(1) have been approved by the Board;

(2) have followed the pricing policies of the Group in all material aspects, if they involve the goods or services provided by the Group;

(3) were conducted in accordance with the relevant agreements for such transactions in all material aspects; and

(4) have an aggregate amount not exceeding the relevant cap set by the Company.

RELATED PARTY TRANSACTIONS

The related party transactions which were undertaken during the Reporting Period are set out in note 33 to the consolidated financial statements. For those related party transactions which constituted connected transactions or continuing connected transactions of the Company as defined in Chapter 14A of the Listing Rules, the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

Save as disclosed in this annual report and the fully exempt connected transactions or continuing connected transactions, none of the related party transactions as disclosed in note 33 to the consolidated financial statements constituted connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

Report of the Directors

CHARITABLE DONATIONS

The Group made no charitable donations and other donations during the Reporting Period.

COMPLY WITH LAWS AND REGULATIONS

During the year, the Group's principal business was located in the PRC and the Company's shares were listed on the Hong Kong Stock Exchange. To the best knowledge of the Directors, the Group has not been materially affected by non-compliance with any relevant applicable laws and regulations, including laws and regulations related to business and operations, relevant laws and regulations of the jurisdictions in which it is incorporated and/or established, Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Listing Rules.

MATERIAL LEGAL PROCEEDINGS

During the Reporting Period, the Company was not involved in any material legal proceedings or arbitrations. To the best knowledge of the Directors, there is no material legal proceeding or claim which is pending or threatening against the Company.

PERMITTED INDEMNITY PROVISIONS

During the Reporting Period and up to the date of this annual report, there were no permitted indemnity provisions which were or are currently in force, and are beneficial to the Directors (whether they were entered into by the Company or others) or any directors of the Company's connected companies (if they were entered into by the Company). The Company has purchased appropriate directors' and officers' liability insurance for its Directors and senior staff.

EVENTS AFTER THE BALANCE SHEET DATE

Details of the significant events after the balance sheet date are set out in note 35 to the consolidated financial statements.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") has, together with the senior management and the external auditor of the Company, reviewed the accounting principles and practices adopted by our Group as well as the audited consolidated financial statements for the year ended 31 December 2021.

CORPORATE GOVERNANCE

The Company is committed to maintaining high level of corporate governance practices. Information about the corporate governance practices adopted by the Company are set out in the corporate governance report on pages 70 to 86 in this annual report.

PUBLIC FLOAT

Based on the information publicly available to the Company and to the best of our Directors' knowledge, information and belief, the Company has maintained sufficient public float as approved by the Stock Exchange and as permitted under the Listing Rules during the entire period from the Listing Date to the date of this annual report.

AUDITORS

KPMG is appointed as auditor of the Company for the year ended 31 December 2021. KPMG has audited the accompanying financial statements which were prepared in accordance with the HKFRS.

KPMG shall retire and being eligible, offer themselves for re-appointment, and a resolution to this effect shall be proposed at the forthcoming AGM.

By Order of the Board
Chairman
Li Xiaoping

Hong Kong, 28 March 2022

Corporate Governance Report

The Board is pleasured to present the Corporate Governance Report of the Company during the year ended 31 December 2021 (the "**Year**").

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules as its own corporate governance code. The Company has complied with all applicable code provisions under the CG Code in force during the year ended 31 December 2021, and the Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS CONDUCTED BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding securities transactions conducted by Directors. After making specific enquiries to all Directors, each of them has confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 December 2021.

BOARD OF DIRECTORS

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees as at 31 December 2021, including the Audit Committee, the Remuneration Committee (the "**Remuneration Committee**") and the Nomination Committee (the "**Nomination Committee**") (collectively, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

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

The Company has arranged appropriate insurance coverage in respect of liability arising from legal action against its Directors, and will conduct annual review on such insurance coverage.

COMPOSITION OF THE BOARD OF DIRECTORS

During the Year, the Board comprised two executive Directors, two non-executive Directors and three independent non-executive Directors as set out below:

Executive Directors:

Mr. Li Xiaoping *(Chairman)*
Ms. Guo Ying

Non-executive Directors:

Mr. Wang Dou
Mr. Wang Yinhu

Independent non-executive Directors:

Mr. Huang Mingxiang
Mr. Kam Chi Sing
Ms. Liu Xiaolan

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

BOARD DIVERSITY POLICY

In order to enhance the effectiveness of our Board and to maintain high standard of corporate governance, the Company has adopted the board diversity policy which sets out the objectives and approach to achieve and maintain diversity on our Board. Pursuant to the board diversity policy, the Company seeks to achieve the diversity of the Board through the consideration of a number of factors when selecting the candidates to our Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural, educational background, ethnicity and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board.

Corporate Governance Report

The board diversity policy is summarized as follows:

Our Board has adopted a board diversity policy which sets out the approach to achieve diversity on our Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in supporting the attainment of our Company's strategic objectives and sustainable development. Our Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to talents, skills, gender, age, cultural and educational background, ethnicity, professional experience, independence, knowledge and length of service. We will continue to implement measures and steps to promote and enhance gender diversity at all levels of our Company. We will select potential Board candidates based on merit and his/her potential contribution to our Board while taking into consideration our own business model and specific needs from time to time. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on our Board.

Our Board comprises of seven members, including two female Directors. Our Directors also have a balanced mix of knowledge, skills and experience, including property operation and management, marketing, finance and investment. They obtained degrees in various majors including economics, laws, business administration, and management. Furthermore, our Board has a wide range of age, ranging from 45 years old to 64 years old. We have taken and will continue to take steps to promote gender diversity at all levels of our Company, including but without limitation at our Board and senior management levels. Taking into account our business model and specific needs as well as the presence of two female Directors out of a total of seven Board members, we consider that the composition of our Board satisfies our board diversity policy.

With regards to gender diversity on the Board, our board diversity policy further provides that our Board shall take opportunities to increase the proportion of female members over time when selecting and making recommendations on suitable candidates for Board appointments. We will also ensure that there is gender diversity when recruiting staff at mid to senior level so that we will have a pipeline of female senior management and potential successors to our Board going forward. It is our objective to maintain an appropriate balance of gender diversity with reference to the stakeholders' expectation and international and local recommended best practices.

Our nomination committee is responsible for ensuring the diversity of our Board members. Our nomination committee will review our board diversity policy from time to time to ensure its continued effectiveness and we will disclose the implementation of our board diversity policy in our corporate governance report on an annual basis.

Save as disclosed in the biographies of the Directors as set out in the section headed "Directors and Senior Management" of this annual report, none of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Directors or any chief executive.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and expertise to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

As regards the code provision under the CG Code requiring directors to disclose the number and nature of offices held in public companies or organizations and other significant commitments as well as their identity and the time involved to the issuer, the Directors have agreed to disclose their commitments to the Company in a timely manner.

The Board also recognises the importance of diversity at the workforce level. The gender ratio in our workforce as at 31 December 2021 are male 57.77% and female 42.23%.

TRAINING AND CONTINUOUS PROFESSIONAL DEVELOPMENT

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.

The Company encourages continuous professional development training for all the Directors, and provides them with necessary training and information to ensure that they have a proper understanding of the Company's operations and businesses as well as their responsibilities under relevant statutes, laws, rules and regulations. The Company also arranges regular seminars to provide Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. In addition, the company secretary of the Company updates and provides all the Directors with written training materials in relation to their roles, functions and duties from time to time.

Corporate Governance Report

According to the information provided by the Directors and the filing records of the company secretary, the records of trainings received by them during the Year are summarized as follows:

Director	Training
Mr. Li Xiaoping	√
Ms. Guo Ying	√
Mr. Wang Dou	√
Mr. Wang Yinhu	√
Mr. Huang Mingxiang	√
Mr. Kam Chi Sing	√
Ms. Liu Xiaolan	√

CHAIRMAN AND GENERAL MANAGER

Under the code provision C.2.1 of the CG Code, the roles of chairman of the Board and chief executive officer should be separate and should not be performed by the same individual. Mr. Li Xiaoping acts as the chairman of the Board, and Ms. Guo Ying acts as the General Manager, and the two different positions are clearly defined by their respective functions. The chairman of the Board is responsible for providing overall strategic planning and major business decisions of our Group, while the General Manager is responsible for implementing the strategies and daily operations of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS:

During the Year, the Board has met the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one possessing appropriate professional qualifications or accounting or related financial management expertise.

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

Each of the independent non-executive Directors has confirmed his/her independence pursuant to Rule 3.13 of the Listing Rules and the Company considers each of them to be independent.

In addition to regular Board meetings, the chairman has held meeting(s) with the independent non-executive Directors without the presence of other directors.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of our executive Directors has entered into a service agreement with our Company for a term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either party on the other.

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

Pursuant to the Articles of Association, at each AGM, one-third of the Directors for the time being (or, if the number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an AGM at least once every three years. A retried director is eligible for re-election and shall continue to act as the Director throughout the meeting at which his/her retires.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board's composition, and making recommendations to the Board on the appointment, re-election and succession planning of Directors.

BOARD MEETINGS

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of no less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

For other Board meetings and Board Committee meetings, reasonable notice is generally given by the Company. The agenda and accompanying Board papers are despatched at least three days before the Board meetings or Board Committee meetings to ensure that the Directors have sufficient time to review the papers and be adequately prepared for the meetings. When Directors or committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting. Minutes of meetings shall be kept by the company secretary with copies circulated to all Directors for information and records.

Corporate Governance Report

The following table sets forth the attendance of each Director at the Board meetings and the general meeting of the Company held during the Year:

	Number of meetings attended/number of meetings held during the year ended 31 December 2021					
Director	Board meeting	Audit Committee meeting	Nomination Committee meeting	Remuneration Committee meeting	Annual general meeting	Extraordinary general meeting
Mr. Li Xiaoping	8/8	N/A	1/1	2/2	1/1	N/A
Ms. Guo Ying	8/8	N/A	N/A	N/A	1/1	1/1
Mr. Wang Dou	8/8	2/2	N/A	N/A	1/1	N/A
Mr. Wang Yinhu	8/8	N/A	N/A	N/A	1/1	N/A
Mr. Huang Mingxiang	8/8	2/2	1/1	2/2	1/1	0/1
Mr. Kam Chi Sing	8/8	2/2	1/1	2/2	1/1	1/1
Ms. Liu Xiaolan	8/8	2/2	1/1	2/2	1/1	0/1

DELEGATION BY THE BOARD

The Board reserves for its decision on all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense. Directors are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

CORPORATE GOVERNANCE FUNCTION

The Board recognizes that corporate governance should be the collective responsibility of the Directors, which includes:

(a) to review and monitor the Company's policies and practices in complying with legal and regulatory requirements;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to develop, review and monitor the code of conduct and compliance manual applicable to employees and the Directors;

(d) to develop and review the Company's corporate governance policies and practices and make recommendations and report on related issues to the Board;

(e) to review the Company's compliance with the CG Code and the disclosures in the Corporate Governance Report;

(f) to review and monitor the Company's compliance with its whistle blowing policy.

BOARD COMMITTEES

Audit Committee

The Audit Committee currently comprises Mr. Wang Dou, a non-executive Director, and Mr. Huang Mingxiang, Mr. Kam Chi Sing and Ms. Liu Xiaolan, independent non-executive Directors. Mr. Kam Chi Sing serves as the Chairman of the Audit Committee.

The major duties of the Audit Committee are as follows:

1. to be primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditors, to approve the remuneration and terms of engagement of the external auditors, and to deal with any questions of their resignation or dismissal;

2. to review the Company's financial information, to monitor the integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them;

Corporate Governance Report

3. to monitor the Company's financial reporting system, risk management and internal control systems, to review the Company' financial controls, and the Company's risk management and internal control systems, and to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems; and

4. to perform the Company's corporate governance procedures, to develop and review the Company's policies and practices on corporate governance, and to make recommendations to the Board.

The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

The Audit Committee held 2 meetings during the Year and fulfilled the responsibilities above. The attendance records of each member of the Audit Committee are set out in the section headed "Board Meetings" above.

The Audit Committee has held meeting(s) with the auditors without the presence of the management and executive Directors.

Nomination Committee

The Nomination Committee currently comprises Mr. Li Xiaoping, an executive Director, and Mr. Huang Mingxiang, Mr. Kam Chi Sing and Ms. Liu Xiaolan, independent non-executive Directors. Mr. Li Xiaoping serves as the Chairman of the Nomination Committee.

The major duties of the Nomination Committee are as follows:

1. to review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's strategy;

2. to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

3. to assess the independence of independent non-executive Directors;

4. to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the chief executive; and

5. to review the Board diversity policy and the measurable objectives and achievements of these objectives set by the Board from time to time.

The Nomination Committee evaluates the candidate or incumbent based on the criteria of integrity, experience, skills, and time and effort devoted to the performance of their duties. The recommendations of the Nomination Committee will then be put to the Board for decision. The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

The Nomination Committee held 1 meeting during the Year and fulfilled the responsibilities above. The attendance records of each member of the Nomination Committee are set out in the section headed "Board Meetings" above.

Remuneration Committee

The Remuneration Committee currently comprises Mr. Li Xiaoping, an executive Director, and Mr. Huang Mingxiang, Mr. Kam Chi Sing and Ms. Liu Xiaolan, independent non-executive Directors. Mr. Huang Mingxiang serves as the Chairman of the Remuneration Committee.

The major duties of the Remuneration Committee are as follows:

1. to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

2. to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives; and

3. to make recommendations to the Board on the remuneration of non-executive Directors.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

The Remuneration Committee held 2 meetings during the Year and fulfilled the responsibilities above. The attendance records of each member of the Remuneration Committee are set out in the section headed "Board Meetings" above.

Corporate Governance Report

Remuneration of Directors and Senior Management

Pursuant to code provision E.1.5 of the CG Code, for the year ended 31 December 2021, details of the remuneration of the Senior Management of the Company are set out below:

Remuneration band of Senior Management	Number of individuals
Nil – RMB1,000,000	2
RMB1,000,001 – RMB1,500,000	2
RMB1,500,001 – RMB2,000,000	2
RMB2,000,001 – RMB2,500,000	1
RMB2,500,001 – RMB3,000,000	1

Details of the Directors' remuneration are set out in the note 8 to the consolidated financial statements.

No emoluments were paid by the Group to any Director as an inducement to join or upon joining the Group or as compensation for loss of office for the year ended 31 December 2021 (2020: nil).

There were no arrangements under which a director waived or agreed to waive any emoluments for the year ended 31 December 2021 (2020: nil).

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements for the year ended 31 December 2021 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The Management has provided the Board with such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company has provided all members of the Board with monthly updates on the performance and prospects of the Company.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the auditors regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 87 to 91 of the annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The risk management and internal control systems is a four-level structure comprising the Board, the Audit Committee, the Senior Management and the risk control department.

The Board acknowledges that it is the responsibility of the Board for maintaining adequate risk management and internal control systems to (i) safeguard the investments of Shareholders and assets of the Company and avoid inappropriate use or disposal; (ii) comply with relevant laws, rules or regulations; and (iii) keep reliable financial and accounting records in accordance with relevant reviewing standards and regulatory reporting requirements and review the effectiveness of such systems on an annual basis. Risk management and internal control systems are 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.

The Board has authorized the Audit Committee to take charge of the on-going monitoring of the Group's risk management and internal control system as well as the annual review of its effectiveness. Such review covers all material control aspects, including financial control, operation control and compliance control. As disclosed in the terms of reference of the Audit Committee, the Audit Committee is responsible for monitoring the Company's risk management and internal control systems, oversees the risk management process and review the effectiveness of the risk management and internal control systems through the following procedures:

- To review the Company's risk management procedures and policy;

- To discuss with the Senior Management about the compliance with risk management policy at least each year;

- To discuss with the Senior Management about major risks faced by the Company, evaluate, together with the Senior Management, the measures taken or to be taken to cope with these risks at least each year;

- To continuously review the effectiveness of the Company's risk management practices.

Corporate Governance Report

The Senior Management is responsible for managing the Company's risk management procedures, to ensure compliance with the risk management policy after considering the environmental changes and risk taking capacity of the Company. Responsibilities of Senior Management of the Company include:

- To design and implement the risk management policy across the Company;
- To timely review and update the risk management policy based on the operating and risk structure of the environment, industry and the Company, to ensure its pertinence and efficiency, and make recommendations about the changes in risk management policy, if necessary, to the Audit Committee for review;
- To ensure supplementary relationship between the risk management procedures and annual strategy & business planning procedures of the Company;
- To design and establish a whole set of risk management methodology for providing an appropriate tools to identify, evaluate and manage the business risks;
- To establish a company-wide reporting system and ensure that the Senior Management, the Audit Committee and the Board are aware of all significant risk matters and business risks;
- To ensure that necessary management controls and oversight procedures have been taken to monitor the implementation of risk management policy and the risk management methodology;
- To approve and control the positioning and trend of major risks, risk management strategies and risk management priority rating;
- To review and discuss the Company's overall risk structure, major and emerging risks and risk management activities by discussing with the Senior Management on a regular basis; and
- To review the principal business strategies and plans to evaluate their impact on the Company's overall risk positioning.

The Board considers that the Group's risk management and internal control are adequate and effective.

Risk Management Procedures

Apart from the oversight responsibilities of the Board, the Company also develops the risk management procedures for identifying, evaluating and managing major risks and solving the significant internal control deficiencies (if any). The Senior Management is responsible for reporting the risks annually through the risk control department. Members of the risk control department could meet several members of the Senior Management to review and evaluate the risks, discuss about the solutions for significant internal control deficiencies (if any), including any changes in annual suitability, aggregation and rating of risks, and development of risk mitigation plans. Several members of the Senior Management could review the risk evaluation and submit it to the Audit Committee and the Board for their review.

The Board and Senior Management could evaluate the risks based on (i) severity of impact of risks on the Company's financial results; (ii) probability of risk occurrence; and (iii) possible rate or speed of risk occurrence. The main features of the Company's risk management and internal control structure include: (i) exclusive departments are designated to be responsible for the implementation and execution of the Company's risk management and internal control system and heads of major operating divisions or departments are in charge of the management and mitigation of identified risks; (ii) the Management ensures appropriate measures have been taken in relation to significant risks that may affect the Group's business and operation; and (iii) risk control department provides independent confirmation to the management and Audit Committee on the effectiveness of risk management and internal control. During the Reporting Period, the Company guarantees the compliance with the risk management and internal control provisions of the CG Code. During the annual review of risk management and internal control systems, the Board confirms that the Company has sufficient resources, qualification and experience in accounting, internal audit and financial reporting functions.

Risk Control Department

The risk control department of the Group plays an important role in monitoring the internal governance of the Company. The major duties of the Risk Control Department are to review the financial position and internal control of the Company, and to conduct regular and comprehensive reviews on all the branches and subsidiaries of the Company. The Company's compliance function is in the charge of the risk control department, and a retainer legal consultant has been appointed to make judgments on compliance, approval, and whether disclosure is involved during course of business, and provide opinions to the management and make relevant notifications to the information disclosure department.

Corporate Governance Report

Inside Information

With regard to any exceptional significant events that may affect the share price or transaction volume, the Board evaluates the possible impact, and determine whether such information falls within the scope of inside information as stipulated in Rules 13.09 and 13.10 of the Listing Rules and Part XIVA of the SFO, and whether it is necessary to make disclosure as soon as feasibly practicable. Executive Directors and the Joint Company Secretary are also responsible for approving the announcements and/or circulars the Board delegates the Company to publish from time to time.

The Company has also promulgated the Information Disclosure Management System for internal use, in order to establish awareness of information disclosure among the employees and management of the Company and to regulate the behavior of information disclosure.

AUDITORS' REMUNERATION

The approximate remuneration for the audit and non-audit services provided by the auditor to the Company during the year ended 31 December 2021 is as follows:

Type of Services	RMB' 000
Audit services	3,000
Other services[Note]	4,070
Total	7,070

Note: Other services include statutory audit services for subsidiaries in 2021, interim review services for the listed company in 2021, preliminary due diligence services and consulting service of Environmental, social and Governance Report.

From the date of listing of the Company to the year ended December 31, 2021, the Company has not changed its auditors.

JOINT COMPANY SECRETARIES

Mr. Lv Li was appointed as one of our joint company secretaries on 22 May 2021, and resigned on 25 November 2021 so as to focus on his office as the financial controller of the Group. Mr. Li Yijun was appointed as the joint company secretary on the same day to replace Mr. Lv.. The biographical details of Mr. Li is set out under the "Directors and Senior Management – Senior Management" of the annual report.

On 5 February 2021, Ms. Chan Tsz Yu was appointed to replace Ms. Fok Po Yi as the joint company secretary. Ms. Chan concurrently acts as an assistant manager of SWCS Corporate Service Group (Hong Kong) Limited ("SWCS"), which is a company with the focus on providing the company secretary services. The primary contact person of Ms. Chan in the Company is Mr. Li Yijun.

During the year ended 31 December 2021, both Mr. Li and Ms. Chan have undertaken not less than 15 hours of relevant professional training, respectively, in compliance with Rule 3.29 of the Listing Rules.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information on the Company for the Shareholders and investors to make the informed investment decisions.

The Company's AGM provides opportunity for the Shareholders to directly communicate with the Directors. The chairman of the Company and the chairmen of the Board Committees of the Company will attend the AGMs to answer Shareholders' questions. The auditor will also attend the AGMs to answer questions about the conduct of the audit, the preparation and content of the auditor's report, accounting policies and auditor's independence.

To promote effective communication, the Company adopts a shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and the Shareholders and sets up an official website (http://www.excepm.com), where up-to-date information on the Company's business operations and development, financial information, corporate governance practices and other information are available for public access.

The Board has conducted the annual review of the implementation and effectiveness of the shareholders' communication policy of the Company, and concluded that the policy was implemented effectively during the reporting period.

Corporate Governance Report

SHAREHOLDERS' RIGHTS

To safeguard the 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 general 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.

CONVENING AN EXTRAORDINARY GENERAL MEETING AND PUTTING FORWARD PROPOSALS

Pursuant to the Articles of Association, Shareholders may propose to convene the general meeting at any time it thinks appropriate. Any one or more members holding as at date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company (carrying the right of voting at general meetings of the Company) shall, at any times, have the right, by written requisition to the Board or any one of the company secretaries of the Company, to require an extraordinary general meeting of the Company to be called by the Board for the transaction of any business specified in such request, and such meeting shall be held within two (2) months after the submission of such request. If, within twenty one (21) days of such submission, the Board fails to proceed to convene such meeting the requisitionist himself/herself may do so in the same manner, and all reasonable expenses incurred by the requisitionist due to the Board's failure shall be reimbursed to the requisitionist by the Company.

Under the Companies Law of the Cayman Islands or the Articles of Association, there is no provision which would allow shareholders to propose a new resolution at the general meeting. Shareholders who wish to propose a resolution may request the Company to convene an extraordinary general meeting in accordance with the aforesaid procedures.

ENQUIRIES TO THE BOARD

Shareholders who intend to put forward their enquiries about the Company to the Board may send their enquiries to the Investor Relations and Securities Affairs Department of the Company by sending an email to ir@exceam.com.

CHANGES IN CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2021, there was no change in the Memorandum of Association and Articles of Association, the latest version of which has been published on the websites of the Company and the Stock Exchange.

Independent Auditor's Report

Independent auditor's report to the members of
Excellence Commercial Property & Facilities Management Group Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Excellence Commercial Property & Facilities Management Group Limited ("the Company") and its subsidiaries ("the Group") set out on pages 92 to 190, which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit and loss, 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 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the 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 MATTERS

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

Independent Auditor's Report

KEY AUDIT MATTERS *(continued)*

Expected credit loss allowance for trade receivables

Refer to note 19 to the consolidated financial statements and the accounting policies note 2(l)(i).

The Key Audit Matter

As at 31 December 2021, the Group's gross trade receivables amounted to RMB561,437,000, which represented 12.44% of the current assets of the Group. Management assessed the expected credit losses ("ECLs") of the trade receivables and an allowance of RMB43,214,000 was made against the trade receivables as at 31 December 2021.

The Group's trade receivables comprised mainly receivables from property owners, property developers and other third parties.

Management assessed the ECLs of trade receivables based on assumptions about expected credit loss rates at the end of each reporting period. The Group used judgement in making these assumptions and selecting the inputs to the calculation, based on the Group's past history of loss pattern, ageing profile of the receivables, existing market condition as well as forward-looking information.

We identified assessing the ECL allowance for trade receivables as a key audit matter because the balance of trade receivables is material to the Group and the assessment of expected credit loss is inherently subjective and requires the exercise of significant management judgement.

How the matter was addressed in our audit

Our audit procedures to assess the ECL allowance for trade receivables included the following:

- obtaining an understanding of and evaluating the design, implementation and operating effectiveness of key internal control over the assessment of the expected credit losses of trade receivables;
- evaluating the Group's policy for estimating the credit loss allowance with reference to the requirements of the prevailing accounting standard;
- assessing the appropriateness of the estimated credit loss rates by examining historical default data and movements of the ageing of trade receivables and evaluating whether the expected credit loss rates are appropriately adjusted based on the current market conditions and forward-looking information;
- assessing whether items in the trade receivables aging report were categorised in the appropriate ageing bracket by comparing a sample of individual items with the demand notes, sales invoices and other relevant underlying documentation;
- re-performing the calculation of the loss allowance as at 31 December 2021 based on the Group's credit loss allowance policies; and
- assessing the disclosures in the consolidated financial statements in respect of ECL allowance for trade receivables with the 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 HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Independent Auditor's Report

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.

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.

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

- 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, related safeguards.

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

The engagement partner on the audit resulting in this independent auditor's report is Wong Chun Pong.

KPMG
Certified Public Accountants

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

28 March 2022

Consolidated Statements of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

(Expressed in Renminbi)

	Note	2021 RMB'000	2020 RMB'000
Revenue	4	**3,467,066**	2,525,087
Cost of sales		**(2,507,439)**	(1,861,275)
Gross profit		**959,627**	663,812
Other revenue	5(a)	**45,518**	22,970
Other net (loss)/income	5(b)	**(5,553)**	21,030
Selling and marketing expenses		**(18,637)**	(15,419)
Administrative expenses		**(203,352)**	(194,667)
Profit from operations		**777,603**	497,726
Finance costs	6(a)	**(20,705)**	(29,535)
Share of profits less losses of associates	17	**1,387**	1,212
Share of profits less losses of joint ventures	18	**7,450**	7,346
Profit before taxation	6	**765,735**	476,749
Income tax	7	**(218,254)**	(120,827)
Profit for the year		**547,481**	355,922
Attributable to:			
Equity shareholders of the Company		**510,088**	324,987
Non-controlling interests		**37,393**	30,935
Profit for the year		**547,481**	355,922
Earnings per share (RMB cents)	10		
Basic		**41.7**	33.7
Diluted		**41.7**	33.6

The notes on pages 100 to 190 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 29(e).

Consolidated Statements of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

(Expressed in Renminbi)

	2021 RMB'000	2020 RMB'000
Profit for the year	**547,481**	355,922
Other comprehensive income for the year		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of entities not using Renminbi ("RMB") as functional currency	**(66,025)**	(55,621)
Total comprehensive income for the year	**481,456**	300,301
Attributable to:		
Equity shareholders of the Company	**444,063**	269,366
Non-controlling interests	**37,393**	30,935
Total comprehensive income for the year	**481,456**	300,301

The notes on pages 100 to 190 form part of these financial statements.

Consolidated Statements of Financial Position

As at 31 December 2021

(Expressed in Renminbi)

	Note	2021 RMB'000	2020 RMB'000
Non-current assets			
Investment properties	11	112,488	123,474
Property, plant and equipment	12	47,541	64,258
Intangible assets	14	34,061	54,202
Goodwill	15	41,438	271,722
Interests in associates	17	12,609	4,871
Interests in joint ventures	18	45,382	46,429
Other receivables	19	236,582	–
Financial assets measured at fair value through profit or loss (FVPL)		–	2,118
Deferred tax assets	28(b)	29,016	28,666
		559,117	595,740
Current assets			
Financial assets measured at fair value through profit or loss (FVPL)		–	48,177
Inventories		4,886	2,310
Contract assets	24(a)	15,684	–
Trade and other receivables	19	1,134,969	560,998
Prepaid tax	28(a)	770	1,465
Loans receivable	20	316,014	368,536
Restricted deposits	21	33,396	38,596
Cash and cash equivalents	22	3,007,300	3,314,132
		4,513,019	4,334,214
Current liabilities			
Bank loans and other borrowings	23	75,000	193,790
Contract liabilities	24(b)	216,236	81,628
Trade and other payables	25	1,077,341	892,849
Lease liabilities	26	14,006	17,509
Current taxation	28(a)	90,896	57,214
		1,473,479	1,242,990
Net current assets		3,039,540	3,091,224
Total assets less current liabilities		3,598,657	3,686,964

Consolidated Statements of Financial Position

As at 31 December 2021

(Expressed in Renminbi)

	Note	2021 RMB'000	2020 RMB'000
Non-current liabilities			
Bank loans and other borrowings	23	–	180,150
Other payables	25	800	102,280
Lease liabilities	26	117,741	132,169
Deferred tax liabilities	28(b)	13,684	16,079
		132,225	430,678
NET ASSETS		3,466,432	3,256,286
CAPITAL AND RESERVES			
Share capital	29(a)	10,496	10,496
Reserves	29(d)	3,435,052	3,173,391
Total equity attributable to equity shareholders of the Company		3,445,548	3,183,887
Non-controlling interests		20,884	72,399
TOTAL EQUITY		3,466,432	3,256,286

Approved and authorised for issue by the board of directors on 28 March 2022.

Li Xiaoping
Director

Guo Ying
Director

The notes on pages 100 to 190 form part of these financial statements.

Consolidated Statements of Changes in Equity

For the year ended 31 December 2021

(Expressed in Renminbi)

		Attributable to equity shareholders of the Company										
		Share capital	Share premium	PRC Statutory reserves	Share option reserves	Treasury shares	Exchange reserve	Other reserves	Retained profits	Total	Non-controlling interests	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note	29(a)	29(c)	29(d)(i)	27	29(b)	29(d)(ii)	29(d)(iii)				
At 1 January 2020		8,561	–	64,502	–	–	24	(73,102)	390,523	390,508	65,367	455,875
Changes in equity for 2020:												
Profit for the year		–	–	–	–	–	–	–	324,987	324,987	30,935	355,922
Other comprehensive income for the year		–	–	–	–	–	(55,621)	–	–	(55,621)	–	(55,621)
Total comprehensive income for the year		–	–	–	–	–	(55,621)	–	324,987	269,366	30,935	300,301
Disposal of a subsidiary		–	–	–	–	–	–	–	–	–	1,138	1,138
Capital reduction by a former non-controlling interest of a subsidiary		–	–	–	–	–	–	–	–	–	(12,125)	(12,125)
Arising from reorganisation	29(c)	(8,561)	80,049	–	–	–	–	(54,826)	–	16,662	(7,720)	8,942
Remeasurement of put option written to non-controlling interests	25(c)	–	–	–	–	–	–	(31,678)	–	(31,678)	–	(31,678)
Dividend declared to then equity shareholder of a subsidiary	29(e)	–	–	–	–	–	–	–	(353,718)	(353,718)	–	(353,718)
Dividend declared to non-controlling interests		–	–	–	–	–	–	–	–	–	(5,388)	(5,388)
Capitalisation issue		7,729	(7,729)	–	–	–	–	–	–	–	–	–
Issue of ordinary shares upon initial public offering ("IPO"), net of issuing costs	29(a)	2,767	2,877,316	–	–	–	–	–	–	2,880,083	–	2,880,083
Appropriations to statutory surplus reserves		–	–	31,293	–	–	–	–	(31,293)	–	–	–
Pre-IPO equity-settled share-based payment	27	–	–	–	12,664	–	–	–	–	12,664	192	12,856
		1,935	2,949,636	31,293	12,664	–	(55,621)	(86,504)	(60,024)	2,793,379	7,032	2,800,411
At 31 December 2020 and 1 January 2021		10,496	2,949,636	95,795	12,664	–	(55,597)	(159,606)	330,499	3,183,887	72,399	3,256,286

Consolidated Statements of Changes in Equity

For the year ended 31 December 2021

(Expressed in Renminbi)

		Attributable to equity shareholders of the Company										
		Share capital RMB'000	Share premium RMB'000	PRC Statutory reserves RMB'000	Share option reserves RMB'000	Treasury shares RMB'000	Exchange reserve RMB'000	Other reserves RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
	Note	29(a)	29(c)	29(d)(i)	27	29(b)	29(d)(ii)	29(d)(iii)				
Changes in equity for 2021:												
Profit for the year		-	-	-	-	-	-	-	510,088	510,088	37,393	547,481
Other comprehensive income for the year		-	-	-	-	-	(66,025)	-	-	(66,025)	-	(66,025)
Total comprehensive income for the year		-	-	-	-	-	(66,025)	-	510,088	444,063	37,393	481,456
Remeasurement of put option written to non-controlling interests	25(c)	-	-	-	-	-	-	(22,312)	-	(22,312)	-	(22,312)
Disposal of subsidiaries	25(c),31	-	-	-	-	-	-	124,592	-	124,592	(58,155)	66,437
Dividend declared to non-controlling interests		-	-	-	-	-	-	-	-	-	(30,644)	(30,644)
2020 final dividend declared in respect of the previous year	29(e)(ii)	-	-	-	-	-	-	-	(97,793)	(97,793)	-	(97,793)
2021 interim dividend declared in respect of the current year	29(e)(i)	-	-	-	-	-	-	-	(188,840)	(188,840)	-	(188,840)
Appropriations to statutory surplus reserves		-	-	47,132	-	-	-	-	(47,132)	-	-	-
Pre-IPO equity-settled share-based payment	27	-	-	-	16,658	-	-	-	-	16,658	54	16,712
Forfeit of share options	27	-	-	-	(6,607)	-	-	-	-	(6,607)	(163)	(6,770)
Repurchase of shares	29(b)	-	-	-	-	(8,100)	-	-	-	(8,100)	-	(8,100)
		-	-	47,132	10,051	(8,100)	(66,025)	102,280	176,323	261,661	(51,515)	210,146
At 31 December 2021		10,496	2,949,636	142,927	22,715	(8,100)	(121,622)	(57,326)	506,822	3,445,548	20,884	3,466,432

Consolidated Statements of Cash Flows

For the year ended 31 December 2021

(Expressed in Renminbi)

	Note	2021 RMB'000	2020 RMB'000
Operating activities			
Cash generated from operations	22(b)	976,692	565,371
Corporate Income Tax paid		(166,636)	(131,359)
Net cash generated from operating activities		810,056	434,012
Investing activities			
Loans repaid by related parties		–	455,000
Net cash outflow from disposal of subsidiaries	31	(209,849)	(5,167)
Proceeds from a related party for disposal of a subsidiary	25(b)	5,095	300,000
Payments for purchase of property, plant and equipment and intangible assets		(18,186)	(15,714)
Proceeds from disposal of property, plant and equipment		377	4,447
Dividend received from a joint venture		5,594	14,739
Dividend received from an associate		1,149	900
Payment for investment in an associate		(7,500)	–
Payment for investment in a joint venture		(1,320)	(3,240)
Payment of deposit for acquisitions of a subsidiary		(166,582)	–
Net cash flow for purchase of wealth management products		(50,156)	79,969
Interest received		29,138	16,237
Net cash (used in)/generated from investing activities		(412,240)	847,171

Consolidated Statements of Cash Flows

For the year ended 31 December 2021

(Expressed in Renminbi)

	Note	2021 RMB'000	2020 RMB'000
Financing activities			
Proceeds from issue of shares upon IPO, net of issuing costs	29(c)	–	2,880,083
Capital injection from shareholders		–	8,993
Proceeds from bank loans and other borrowings	22(c)	153,760	496,780
Repayment of bank loans and other borrowings	22(c)	(448,700)	(587,840)
Advances from related parties	22(c)	–	104,300
Repayment of advances from related parties	22(c)	–	(719,240)
Capital element of lease rentals paid	22(c)	(15,051)	(16,240)
Interest element of lease rentals paid	22(c)	(7,854)	(8,224)
Interest paid	22(c)	(13,326)	(24,433)
Dividends paid to non-controlling interests		(12,719)	(104,740)
Dividends paid		(286,633)	(353,718)
Payment for repurchase of shares	29(b)	(8,100)	–
Payment for capital reduction to a former non-controlling interest		–	(12,125)
Payment for other financing activities		–	(22,182)
Net cash (used in)/generated from financing activities		(638,623)	1,641,414
Net (decrease)/increase in cash and cash equivalents		(240,807)	2,922,597
Cash and cash equivalents at 1 January	22(a)	3,314,132	447,103
Effect of foreign exchange rate changes		(66,025)	(55,568)
Cash and cash equivalents at 31 December	22(a)	3,007,300	3,314,132

The notes on pages 100 to 190 form part of these financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(Expressed in Renminbi unless otherwise indicated)

1 GENERAL INFORMATION

Excellence Commercial Property & Facilities Management Group Limited (the "Company") was incorporated in the Cayman Islands on 13 January 2020 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as combined and revised) of the Cayman Islands. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") on 19 October 2020 ("Listing Date").

The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111 Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of property management services and related value-added services in the People's Republic of China (the "PRC"). The ultimate controlling company is Oriental Rich Holdings Group Limited ("Oriental Rich"). The ultimate controlling shareholder of the Group is Mr. Li Wa ("Mr. Li" or the "Ultimate Controlling Shareholder").

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These 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 (the "Listing Rules"). Significant accounting policies adopted by the Group are disclosed below.

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

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2021 comprise the Group and the Group's interests in associates and joint ventures.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

The financial statements are presented in Renminbi rounded to the nearest thousand. The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at fair value as explained in the accounting policies set out below:

– investments in wealth management products (see note 2(g)); and

– contingent consideration receivables (see note 2(f)).

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

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

Judgements made by management in the application of HKFRSs 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 HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest rate benchmark reform – phase 2*

- Amendment to HKFRS 16, *Covid-19-related rent concessions beyond 30 June 2021*

Other than the amendment to HKFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(Expressed in Renminbi unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Changes in accounting policies *(continued)*

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest rate benchmark reform – phase 2*

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates ("IBOR reform"). The amendments do not have an impact on these financial statements as the Group does not have contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

Amendment to HKFRS 16, *Covid-19-related rent concessions beyond 30 June 2021 (2021 amendment)*

The Group previously applied the practical expedient in HKFRS 16 such that as lessee it was not required to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic were lease modifications, if the eligibility conditions are met (see note 2(k)(i)). One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limit from 30 June 2021 to 30 June 2022.

The Group has early adopted the 2021 amendment in this financial year. There is no impact on the balance of equity at 1 January 2021.

(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 included 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 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(Expressed in Renminbi unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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

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

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see note 2(e)).

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

(e) Associates and joint ventures

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

A joint venture is an arrangement whereby the Group and other parties contractually agree to share control of the arrangement and have rights to the net assets of the arrangement.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(Expressed in Renminbi unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Associates and joint ventures *(continued)*

An investment in an associate or a joint venture is accounted for in the financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). 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 or joint venture 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 notes 2(f) and 2(l)(ii)). At each reporting date, the Group assesses whether there is any objective evidence that the investment is impaired. 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 period are recognised in the consolidated statement of profit or loss and other comprehensive income, 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 or the joint venture, 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 the other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture (after applying the expected credit losses ("ECLs") 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 associates and joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

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

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, 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 or joint control 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)).

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Business combination and goodwill

(i) Business combinations involving entities not under common control

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration assumed in a business combination is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(ii) Put option arrangements

Put options are financial instruments granted by the Group which permit the holders to put back to the Group their shares in certain subsidiaries for cash or other financial assets when certain conditions are met. If the Group does not have the unconditional right to avoid delivering cash or other financial assets under the put option, a liability is initially recognised under "other payables" in the consolidated financial statements at the present value of the estimated future cash outflows on exercise under the put option. Subsequently, if the Group revises its estimates of payments, the Group will adjust the carrying amount of the liability to reflect actual and revised estimated cash outflows. The Group will remeasure the carrying amount based on the present value of revised estimated future cash outflows and the adjustment will be recognised in equity. In the event that the put option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

(iii) Goodwill represents the excess of

(a) 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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(Expressed in Renminbi unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Business combination and goodwill *(continued)*

(iii) Goodwill represents the excess of (continued)

When (b) is greater than (a), 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 period, 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 financial instruments

The Group's and the Company's policies for investments in debt and equity financial instruments, other than investments in subsidiaries, an associate and joint ventures, are as follows:

Investments in debt and equity financial instruments 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 ("FVTPL") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments. These investments are subsequently accounted for as follows, depending on their classification.

(i) Investments other than equity investments

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Other investments in debt and equity financial instruments *(continued)*

(i) Investments other than equity investments (continued)

– 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.

– FVTPL 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 FVTPL 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 FVTPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in note 2(v)(vii).

(h) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(k)(ii)) to earn rental income and/or for capital appreciation. This includes property that is being constructed or developed for future use as investment properties.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment loss (see note 2(l)(ii)). Rental income from investment properties is accounted for as described in Note 2(v)(vi).

Depreciation is calculated to write off the costs of investment properties, using the straight – line method over their lease term typically varying from 4 to 14 years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(Expressed in Renminbi unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(l)(ii)):

- right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest (see note 2(k)); and
- items of plant and equipment.

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.

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 or valuation 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:

– Office equipment and furniture	3-5 years
– Motor vehicles	5 years
– Leasehold improvement	3-5 years
– Machinery equipment	3-5 years
– Other leased properties	Over the lease terms

Both the useful life of an asset and its residual value, if any, are reviewed annually.

(j) Intangible assets (other than goodwill)

Other 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)(ii)). 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/contracted useful lives are as follows:

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(Expressed in Renminbi unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

– Software	2-5 years
– Uncompleted property management contracts (Note)	3.5-6.5 years

Note: Uncompleted property management contracts acquired in business combinations are recognised at fair value at the acquisition date. Amortisation is calculated using the straight-line method over the remaining life of property management contracts.

Both the period and method of amortisation are reviewed annually.

(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 laptops and office furniture. 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(Expressed in Renminbi unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Leased assets *(continued)*

(i) As a lessee (continued)

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

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 HKFRS 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.

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For the year ended 31 December 2021

(Expressed in Renminbi unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Leased assets *(continued)*

(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(v)(vi).

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.

For a sublease classified as an operating lease, the Group retains the lease liability and the right-of-use asset relating to the head lease in its statement of financial position unless the right-of-use asset meets the definition of investment property in which case the right-of-use asset is accounted for as an investment property and measured using cost model.

During the term of sublease, the Group recognises lease income from the sub-leases and interest expense on the lease liability relating to the head lease.

(l) Credit losses and impairment of assets

(i) Credit losses from financial instruments and contract assets

The Group recognises a loss allowance for ECLs on the following items:

– Financial assets measured at amortised cost (including cash and cash equivalents, restricted cash, loans receivable and trade and other receivables); and

– Contract assets as defined in HKFRS 15 (see note 2(n)).

Financial assets measured at fair value are not subject to the ECL assessment.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(Expressed in Renminbi unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Credit losses and impairment of assets *(continued)*

(i) Credit losses from financial instruments and contract assets (continued)

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 rates where the effect of discounting is material:

– Fixed-rate financial assets, loans receivable, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof; and

– Variable-rate financial assets: current effective interest rate.

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 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 and contract assets 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 forecasted general economic conditions at the reporting date.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Credit losses and impairment of assets *(continued)*

(i) Credit losses from financial instruments and contract assets (continued)

Measurement of ECLs *(continued)*

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

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 90 days 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(Expressed in Renminbi unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Credit losses and impairment of assets *(continued)*

(i) Credit losses from financial instruments and contract assets (continued)

Significant increases in credit risk *(continued)*

ECLs are remeasured at each reporting date to reflect changes in the financial instruments 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, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income

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

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

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

– Significant financial difficulties of the debtor;

– Significant decrease in property management and other service fees collection rate;

– A breach of contract, such as a default or delinquency in interest or principal payments;

– 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.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Credit losses and impairment of assets *(continued)*

(i) Credit losses from financial instruments and contract assets (continued)

Write-off policy

The gross carrying amount of a financial asset 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 asset becomes 3 years past due or 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.

(ii) Impairment of other 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, including right-of-use assets;
- investment properties;
- intangible assets (other than goodwill);
- goodwill;
- investments in associates and joint ventures; and
- investment in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(Expressed in Renminbi unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Credit losses and impairment of assets *(continued)*

(ii) Impairment of other assets (continued)

– 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). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash – generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

– 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

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

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 periods. Reversals of impairment losses are credited to profit or loss in the period in which the reversals are recognised.

(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 HKAS 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)).

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Credit losses and impairment of assets *(continued)*

(iii) Interim financial reporting and impairment (continued)

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(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.

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.

(n) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECLs in accordance with the policy set out in note 2(l)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see note 2(o)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue. 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(v)(v)).

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For the year ended 31 December 2021

(Expressed in Renminbi unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(o) Trade and other receivables and loans receivable

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 an 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, 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, and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(r) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Borrowing costs are expensed in the period in which they are incurred.

(s) 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(Expressed in Renminbi unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(s) Employee benefits *(continued)*

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

Contributions to the PRC local retirement schemes pursuant to the relevant labour rules and regulations in the PRC are recognised as an expense in profit or loss as incurred.

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve.

On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

(iii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(t) Income tax

Income tax for the period 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 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(Expressed in Renminbi unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(t) Income tax *(continued)*

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 periods.

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 goodwill not deductible for tax purposes, 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.

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.

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.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(t) Income tax *(continued)*

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 Company or 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 Company or 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.

(u) Provisions and contingent liabilities

Provisions are recognised when the Group or the Company 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.

(v) Revenue and other income recognition

Income is classified by the Group as revenue when it arises from the provision of services in the ordinary course of the Group's business.

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. Revenue excludes value added tax and is after deduction of any trade discounts.

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For the year ended 31 December 2021

(Expressed in Renminbi unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(v) Revenue and other income recognition *(continued)*

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

(i) Basic property management 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 basic property management service income arising from properties managed under lump sum basis, where the Group acts as principal, the Group entitles to revenue at the value of basic property management service fee received. For basic property management service 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 basic property management service fees the property owners are obligated to pay.

(ii) System or materials supply services

Revenue for system or materials supply service is recognised when the customer takes possession of and accepts the products or the installation service is rendered. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

(iii) Engineering services

Engineering services are recognised when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. The amount of revenue recognised in over time according to the measurement of progress towards complete satisfaction of a performance obligation.

Output method

For engineering services (including repair and maintenance services), the progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(v) Revenue and other income recognition *(continued)*

(iii) Engineering services (continued)

Input method

For engineering services relating to equipment installation services, the progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

(iv) Other value-added services

Other value-added services mainly include preliminary planning and design consultancy services, property leasing and sales agency services, public area leasing services, high-end services to senior executives of the corporate customers, administration and logistics support services to corporate customers, sales assistance services, sales agent services, office cleaning service, and canteen operation services. The Group recognises revenue as the services are provided based on the value of performance completed or services are rendered.

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(Expressed in Renminbi unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(v) Revenue and other income recognition *(continued)*

(v) Finance service and other interest income

Finance service income from micro-lending business and other interest income on loans is measured on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset. When a loan has been written down as a result of an impairment loss, finance service and other interest income is recognised using the rate of interest used to discount the future cash receipts for the purpose of measuring the impairment loss, i.e. the original effective interest rate.

(vi) 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.

(vii) Dividends

Dividend income from unlisted investments is recognised when the equity shareholder’s right to receive payment is established.

(viii) Government grants

Government grants are recognised in the consolidated 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 asset by way of recognition in other revenue.

(w) Translation of foreign currencies

Foreign currency transactions during the period 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.

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2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(w) Translation of foreign currencies *(continued)*

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

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

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

(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.

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(Expressed in Renminbi unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(x) Related parties *(continued)*

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

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

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

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

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

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(y) Segment reporting

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

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

3 ACCOUNTING JUDGEMENT AND ESTIMATES

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

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

(i) Impairment for trade and loan receivables

The Group estimates impairment losses for trade receivables by using expected credit loss models. Expected credit loss on these trade receivables are estimated 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.

Where the expectation is different from the original estimate, such difference will impact the loss allowance of trade and other receivables in the periods in which such estimate has been changed.

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3 ACCOUNTING JUDGEMENT AND ESTIMATES *(continued)*

(i) Impairment for trade and loan receivables *(continued)*

For loans receivable, the measurement of impairment losses requires judgment, in particular, the estimation of the amounts and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk.

These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations on loans receivable are outputs of a model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's internal rating grade model, which assigns probabilities of default to the individual grades;
- The Group's criteria for assessing if there has been a significant increase in credit risk and the qualitative assessment;
- Development of ECL models, including the various formulas and the choice of inputs; and
- Determination of associations between the forecast economic conditions and the effect on probabilities of default, losses given default and exposures at default.

(ii) Impairment of non-current assets

If circumstances indicate that the carrying amounts of investment properties, property, plant and equipment, intangible assets, interest in an associate and joint ventures and goodwill may not be recoverable, the assets may be considered impaired and are tested for impairment. An impairment loss is recognised when the asset's recoverable amount has declined below its carrying amount. The recoverable amount is the greater of the fair value less costs to sell and value in use. In determining the recoverable amount which requires significant judgements, the Group estimates the future cash flows to be derived from continuing use and ultimate disposal of the asset and applies an appropriate discount rate to these future cash flows.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are the provision of basic property management services, value-added services, finance service and other services. Further details regarding the Group's principal activities are disclosed in note 4(b).

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(Expressed in Renminbi unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING *(continued)*

(a) Revenue *(continued)*

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by each significant category for the year ended 31 December 2021 and 2020 recognised in the consolidated statement of profit or loss are as follows:

	2021 RMB'000	2020 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Property management services		
Basic property management services		
– Commercial property	1,961,514	1,563,195
– Public and industrial property	350,351	327,248
– Residential property	318,887	220,545
	2,630,752	2,110,988
Value-added services	780,520	358,604
	3,411,272	2,469,592
Other services	–	511
	3,411,272	2,470,103
Revenue from other sources		
Finance services income	41,297	46,467
Gross rental income from investment properties	14,497	8,517
	55,794	54,984
	3,467,066	2,525,087

For the year ended 31 December 2021, the revenue from Excellence Real Estate Group Co., Ltd. ("卓越置業集團有限公司") and its subsidiaries (together, the "Excellence Group"), a related party that included companies that were owned or under significant influence by controlling shareholder and chairman of the board of the Group, accounted for 17.3% (2020: 11.9%) of the Group's revenue. The Group has a large number of customers in addition to Excellence Group, but none of them accounted for 10% or more of the Group's revenue during the year.

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4 REVENUE AND SEGMENT REPORTING *(continued)*

(a) Revenue *(continued)*

(ii) Unsatisfied performance obligations

The Group recognises revenue when the services are provided and recognises to which the Group has the rights to invoices and that corresponds directly with the value of performance completed. The Group has elected the practical expedient in paragraph 121 of HKFRS 15 for not to disclose the remaining performance obligations for these types of contracts that had an original expected duration of one year or less or are billed based on performance completed.

(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 Group has presented the following three reportable segments:

– Property management services: this segment mainly provides basic property management services or system supply and installation services to property developers, property owners and tenants, and value-added services to such customers, including asset services which includes preliminary property consulting services, property leasing and sales agency services, asset-light property operation services and space operation services, and corporate services.

– Finance services: this segment mainly provides micro-lending to small and medium enterprises, individual business proprietors and individuals.

– Other services: this segment mainly provides software development and apartment rental services.

4 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible and intangible assets managed directly by the segments excluding prepaid tax, deferred tax assets and certain non-trade receivables due from related parties not attributable to the individual segments. Segment liabilities include bank loans and other borrowings (excluding bank loans borrowed for related parties' use) contract liabilities, trade and other payables, lease liabilities and other financial liability attributable to the operating activities of the individual segments and managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to revenues 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. Segment profit includes the Group's share of profit arising from the activities of the Group's associate and joint ventures.

The measure used for reporting segment profit is profit before taxation excluding gain on disposal of a subsidiary, interest income from certain related parties, interests on certain bank loans and unallocated head offices and corporate expenses. In addition to receiving segment information concerning profit before taxation, management is provided with segment information concerning interest income and expense from cash balances and bank loans and other borrowings managed directly by the segments, depreciation and amortisation, impairment loss on trade and other receivables and loans receivable in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

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For the year ended 31 December 2021

(Expressed in Renminbi unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(i) Segment results, assets and liabilities (continued)

Disaggregation of revenue from contracts with customers, revenue from other sources as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2021 and 2020 is set out below.

	Property management services		Finance services		Others		Total	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Disaggregated by timing of revenue recognition								
Over time	3,212,524	2,348,590	41,297	46,467	14,497	10,912	3,268,318	2,405,969
Point in time	198,748	121,002	–	–	–	–	198,748	121,002
Reportable segment revenue	3,411,272	2,469,592	41,297	46,467	14,497	10,912	3,467,066	2,526,971
Inter-segment revenue	–	–	–	–	–	(1,884)	–	(1,884)
Revenue from external customers	3,411,272	2,469,592	41,297	46,467	14,497	9,028	3,467,066	2,525,087
Reportable segment profit/(loss)	738,767	432,560	19,086	23,491	4,405	(6,092)	762,258	449,959
Interest income from bank deposits	29,113	1,943	–	–	11	25	29,124	1,968
Finance costs	(8,146)	(16,103)	(5,727)	(3,181)	(6,832)	(7,082)	(20,705)	(26,366)
Depreciation and amortisation	(34,229)	(30,565)	(1,347)	(1,368)	(11,248)	(13,231)	(46,824)	(45,164)
Impairment loss on loans receivable	–	–	(2,466)	(7,396)	–	–	(2,466)	(7,396)
Impairment loss on trade and other receivables	(10,434)	(6,902)	–	–	2	(22)	(10,432)	(6,924)
Reportable segment assets	4,502,088	4,366,887	392,318	377,477	147,676	175,419	5,042,082	4,919,783
Additions to non-current segment assets during the year	36,026	14,651	–	28	168	385	36,194	15,064
Reportable segment liabilities	1,298,833	1,436,029	80,896	58,718	121,272	125,592	1,501,001	1,620,339

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(Expressed in Renminbi unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(ii) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	2021 RMB'000	2020 RMB'000
Revenue		
Reportable segment revenue	3,467,066	2,526,971
Inter-segment revenue	–	(1,884)
Consolidated revenue *(Note 4(a))*	3,467,066	2,525,087
Profit		
Reportable segment profit	762,258	449,959
Interest income from related parties	–	5,840
Interests on bank loans and other borrowings	–	(3,169)
Gain on disposal of subsidiaries *(Note 5(b))*	5,009	31,539
Net foreign exchange gain *(Note 5(b))*	1,336	–
Unallocated head offices and corporate expenses	(2,868)	(7,420)
Consolidated profit before taxation	765,735	476,749

	2021 RMB'000	2020 RMB'000
Assets		
Reportable segment assets	5,042,082	4,919,783
Elimination of inter-segment receivables	–	(20,000)
	5,042,082	4,899,783
Prepaid tax	770	1,465
Deferred tax assets	29,016	28,666
Unallocated head office and corporate assets	268	40
Consolidated total assets	5,072,136	4,929,954
Liabilities		
Reportable segment liabilities	1,501,001	1,620,339
Elimination of inter-segment payables	–	(20,000)
	1,501,001	1,600,339
Current taxation	90,896	57,214
Deferred tax liabilities	13,684	16,079
Unallocated head office and corporate liabilities	123	36
Consolidated total liabilities	1,605,704	1,673,668

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4 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(iii) Geographic information

The major operating entities of the Group are domiciled in mainland China. Accordingly, majority of the Group's revenues were derived in mainland China during year ended 31 December 2021 and 2020.

As at 31 December 2021 and 2020, most of the non-current assets of the Group were located in mainland China.

5 OTHER REVENUE AND NET (LOSS)/INCOME

(a) Other revenue

	Note	2021 RMB'000	2020 RMB'000
Interest income from bank deposits and other financial institutions		29,138	1,968
Interest income from related parties		–	5,480
Government grants	(i)	15,908	15,149
Others		472	373
		45,518	22,970

(b) Other net (loss)/income

	Note	2021 RMB'000	2020 RMB'000
Impairment losses on contract assets	30(a)	(320)	–
Impairment losses on trade and other receivables	30(a)	(10,112)	(6,924)
Impairment losses on loans receivable	30(a)	(2,466)	(7,396)
Net gain on investment in wealth management products		1,667	4,304
Fair value loss on financial asset measured at FVTPL		–	(106)
Gain on disposals of property, plant and equipment		81	14
Gain on disposal of subsidiaries	31	5,009	31,539
Net foreign exchange gain		1,336	–
Others		(748)	(401)
		(5,553)	21,030

5 OTHER REVENUE AND NET (LOSS)/INCOME *(continued)*

(b) Other net (loss)/income *(continued)*

Note:

(i) In 2021 and 2020, the government grants received by the Group are mainly related to subsidies for staff retention and taxation benefit of 10% additional deduction on value added tax in the industries of living services according to current policy in mainland China.

6 PROFIT BEFORE TAXATION

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

(a) Finance costs

	2021	2020
	RMB'000	RMB'000
Interests on bank loans and other borrowings *(Note 22(c))*	**12,851**	21,311
Interests on lease liabilities *(Note 22(c))*	**7,854**	8,224
	20,705	29,535

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6 PROFIT BEFORE TAXATION *(continued)*

(b) Staff costs

	2021 RMB'000	2020 RMB'000
Salaries, wages and other benefits	**1,230,972**	1,066,376
Equity-settled share-based payment *(Note 27)*	**9,942**	12,856
Contributions to defined contribution scheme *(Note)*	**68,612**	21,722
	1,309,526	1,100,954
Included in:		
– Cost of sales	**1,141,873**	963,153
– Selling and marketing expenses	**9,830**	8,351
– Administrative expenses	**157,823**	129,450
	1,309,526	1,100,954

Note: Employees of the Group's PRC subsidiaries are required to participate in a defined contribution scheme administered and operated by the local municipal governments. The Group's PRC subsidiaries contribute funds which are calculated on certain percentages of the employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group has no other material obligation for the payment of retirement benefits associated with these schemes beyond the annual contributions described above.

Due to the impact of an outbreak of COVID-19, a number of policies including the relief of social insurance have been promulgated by the government since February 2020 to expedite resumption of economic activities, which contributed to the relief of certain cost of defined contribution scheme during the year ended 31 December 2020.

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6 PROFIT BEFORE TAXATION *(continued)*

(c) Other items

	Note	2021 RMB'000	2020 RMB'000
Depreciation and amortisation charges			
– Owned property, plant and equipment	12	**11,777**	9,230
– Right-of-use assets in property, plant and equipment	12	**11,082**	12,018
– Leasehold improvements for investment properties	11	**867**	867
– Right-of-use assets in investment properties	11	**10,119**	10,149
– Intangible assets	14	**12,979**	12,900
		46,824	45,164
Variable lease payments not included in the measurement of lease liabilities	13	**59,062**	36,028
Impairment losses			
– contract assets	5	**320**	–
– trade and other receivables	5	**10,112**	6,924
– loans receivable	5	**2,466**	7,396
		12,898	14,320
Subcontracting costs		**363,546**	257,058
Listing expenses		**–**	26,558
Auditor's remuneration			
– Audit services		**3,000**	2,580
– Other services		**4,070**	5,050
		7,070	7,630
Rental receivables from investment properties less direct outgoings:			
Rentals receivable from investment properties generating rental income		**(14,497)**	(8,517)
Less: direct outgoings from investment properties generating rental income		**7,042**	5,670
direct outgoings from investment properties not generating rental income		**3,944**	5,346
		(3,511)	2,499

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7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss:

	Note	2021 RMB'000	2020 RMB'000
Current tax			
Corporate Income Tax	28(a)	218,568	129,898
Deferred tax			
Origination and reversal of temporary differences	28(b)	(314)	(9,071)
		218,254	120,827

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

	2021 RMB'000	2020 RMB'000
Profit before taxation	765,735	476,749
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	189,643	121,471
Tax effect of non-deductible expenses	11,718	5,225
Tax effect of share of results of joint ventures and associates	(2,209)	(2,140)
Tax effect of non-taxable income	–	(7,885)
Withholding tax on dividend	19,049	4,155
Tax effect of unused tax losses not recognised	53	1
Actual tax expense	218,254	120,827

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI during the year.

No provision for Hong Kong Profits Tax was made as the Group did not earn any income subject to Hong Kong Profits Tax during the year.

The Group's PRC subsidiaries are subject to Corporate Income Tax ("CIT") at a statutory rate of 25% on their respective taxable income during the year.

Withholding taxes are levied on dividend distributions arising from profit of the PRC subsidiaries within the Group earned after 1 January 2008 at the applicable tax rates.

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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:

	2021						
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Sub-Total RMB'000	Share-based payments (note) RMB'000	Total RMB'000
Executive directors							
Mr. Li Xiaoping (Chairman)	–	–	–	–	–	7,883	7,883
Ms. Guo Ying (General Manager)	–	868	1,805	21	2,694	584	3,278
Non-executive directors							
Mr. Wang Dou	200	–	–	–	200	–	200
Mr. Wang Yinhu	200	–	–	–	200	–	200
Independent non-executive directors							
Mr. Huang Mingxiang	200	–	–	–	200	–	200
Mr. Kam Chi Sing	200	–	–	–	200	–	200
Ms. Liu Xiaolan	200	–	–	–	200	–	200
	1,000	868	1,805	21	3,694	8,467	12,161

	2020						
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Sub-Total RMB'000	Share-based payments (note) RMB'000	Total RMB'000
Executive directors							
Mr. Li Xiaoping (Chairman)	–	–	–	–	–	7,420	7,420
Ms. Guo Ying (General Manager)	–	602	2,004	19	2,625	551	3,176
Non-executive directors							–
Mr. Wang Dou	40	–	–	–	40	–	40
Mr. Wang Yinhu	40	–	–	–	40	–	40
Independent non-executive directors							–
Mr. Huang Mingxiang	40	–	–	–	40	–	40
Mr. Kam Chi Sing	40	–	–	–	40	–	40
Ms. Liu Xiaolan	40	–	–	–	40	–	40
	200	602	2,004	19	2,825	7,971	10,796

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8 DIRECTORS' EMOLUMENTS *(continued)*

Mr. Li Xiaoping and Ms. Guo Ying were senior management of the Group and were appointed as executive directors of the Company on 22 May 2020. Ms. Guo Ying received emoluments from the Group in her role as a senior manager and employee before her appointment as an executive director.

Mr. Wang Dou and Mr. Wang Yinhu were appointed as non-executive directors of the Company on 22 May 2020.

Mr. Huang Mingxiang, Mr. Kam Chi Sing and Ms. Liu Xiaolan were appointed as independent non-executive directors of the Company on 28 September 2020.

Note:

These represent the estimated value of share options granted to the directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in note 2(s)(ii) and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting.

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed under the paragraph "Share option scheme" in the directors' report and note 27.

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9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, 2 (2020: 2) are directors whose emolument is disclosed in note 8. The aggregate of the emoluments in respect of the other 3 (2020: 3) individuals are as follows:

	2021 RMB'000	2020 RMB'000
Salaries, allowance and benefits-in-kind	2,515	1,711
Discretionary bonuses	2,946	4,551
Retirement scheme contributions	58	61
Equity-settled share-based payment	248	1,219
	5,767	7,542

The emoluments of the 3 (2020: 3) individuals with the highest emoluments are within the following bands:

	Number of employees	
	2021	2020
HKD2,000,001 – HKD2,500,000	2	–
HKD2,500,001 – HKD3,000,000	1	3

No emoluments were paid by the Group to any of the 3 (2020: 3) highest paid individuals above as an inducement to join or upon joining the Group or as compensation for loss of office for the year ended 31 December 2021 (2020: nil).

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10 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB510,088,000 (2020: RMB324,987,000) and the weighted average of 1,222,391,192 ordinary shares (2020: 963,964,356 shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2021	2020
Issued ordinary shares at 1 January	1,222,490,000	–
Effect of issuance of shares	–	1,000
Effect of capitalisation issue	–	899,999,000
Effect of issuance of new shares upon IPO	–	63,964,356
Repurchase of shares *(Note 29(b))*	(98,808)	–
Weighted average number of ordinary shares at 31 December	1,222,391,192	963,964,356

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB510,088,000 (2020: RMB324,987,000) and the weighted average number of ordinary shares of 1,222,399,442 shares (2020: 965,522,902 shares), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2021	2020
Weighted average number of ordinary shares at 31 December	1,222,391,192	963,964,356
Effect of deemed issue of shares under the Company's share option scheme for HK$1.00 each consideration *(Note 27)*	8,250	1,558,546
Weighted average number of ordinary shares (diluted) at 31 December	1,222,399,442	965,522,902

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11 INVESTMENT PROPERTIES

	Leased properties RMB'000	Leasehold improvements RMB'000	Total RMB'000
Cost:			
At 1 January and 31 December 2020 and 31 December 2021	**133,490**	**12,539**	**146,029**
Less: accumulated depreciation:			
At 1 January 2020	10,619	920	11,539
Charge for the year	10,149	867	11,016
At 31 December 2020 and 1 January 2021	20,768	1,787	22,555
Charge for the year	**10,119**	**867**	**10,986**
At 31 December 2021	**30,887**	**2,654**	**33,541**
Net book value:			
At 31 December 2021	**102,603**	**9,885**	**112,488**
At 31 December 2020	112,722	10,752	123,474

Note: The Group leased certain service apartments located in Shenzhen, the PRC, from property owners and subleased to tenants through operating leases to earn rental income. The right-of-use assets of the leases are determined to meet the definition of investment property.

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

	2021 RMB'000	2020 RMB'000
Within 1 year	**8,557**	7,889
After 1 year but within 2 years	**4,238**	3,878
After 2 years but within 3 years	**3,383**	3,230
After 3 years but within 4 years	**2,359**	3,141
After 4 years but within 5 years	**1,035**	2,187
After 5 years	**871**	1,740
	20,443	22,065

As at 31 December 2021, the fair value of the Group's investment properties was approximately RMB131,200,000 (2020: RMB139,700,000) with reference to the valuation performed, using the income approach, by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), an independent qualified professional valuer.

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12 PROPERTY, PLANT AND EQUIPMENT

	Note	Leasehold improvement	Office equipment and furniture	Machinery equipment	Motor vehicles	Construction in progress	Sub-total	Right-of-use assets – other leased properties	Total
Cost:									
At 1 January 2020		45,920	20,991	4,500	1,973	687	74,071	28,473	102,544
Additions		8,216	4,356	1,146	133	1,213	15,064	21,512	36,576
Disposal of a subsidiary		(1,886)	(287)	–	–	–	(2,173)	–	(2,173)
Disposals		(1,394)	(4,085)	(271)	(794)	(303)	(6,847)	–	(6,847)
At 31 December 2020		50,856	20,975	5,375	1,312	1,597	80,115	49,985	130,100
Additions		4,293	4,492	1,300	1,016	2,142	13,243	8,388	21,631
Transfer		3,485	–	–	–	(3,485)	–	–	–
Disposal of subsidiaries	31	(1,927)	(2,535)	(2,093)	(832)	–	(7,387)	(6,568)	(13,955)
Disposals		–	(1,042)	(158)	(268)	–	(1,468)	(18,155)	(19,623)
At 31 December 2021		56,707	21,890	4,424	1,228	254	84,503	33,650	118,153
Less: accumulated depreciation:									
At 1 January 2020		18,963	11,559	1,611	1,143	–	33,276	14,134	47,410
Charge for the year		5,008	3,198	682	342	–	9,230	12,018	21,248
Disposal of a subsidiary		(283)	(119)	–	–	–	(402)	–	(402)
Written back on disposal		(531)	(834)	(259)	(790)	–	(2,414)	–	(2,414)
At 31 December 2020		23,157	13,804	2,034	695	–	39,690	26,152	65,842
Charge for the year		6,939	3,879	675	284	–	11,777	11,082	22,859
Disposal of subsidiaries	31	(616)	(1,359)	(843)	(250)	–	(3,068)	(1,018)	(4,086)
Written back on disposal		–	(804)	(69)	(225)	–	(1,098)	(12,905)	(14,003)
At 31 December 2021		29,480	15,520	1,797	504	–	47,301	23,311	70,612
Net book value:									
At 31 December 2021		27,227	6,370	2,627	724	254	37,202	10,339	47,541
At 31 December 2020		27,699	7,171	3,341	617	1,597	40,425	23,833	64,258

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13 RIGHT-OF-USE ASSETS

The analysis of the net book value of right-of-use assets by class of underlying assets is as follows:

	Note	2021 RMB'000	2020 RMB'000
Properties leased as investment properties, carried at amortised cost	11	102,603	112,722
Properties leased for own use, carried at amortised cost	12	10,339	23,833
		112,942	136,555

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	Note	2021 RMB'000	2020 RMB'000
Depreciation charge of right-of-use assets by class of underlying assets:			
– Investment properties, carried at depreciated cost		10,119	10,149
– Properties leased for own use, carried at depreciated cost	(i)	11,082	12,018
		21,201	22,167
Interest on lease liabilities	6(a)	7,854	8,224
Expense relating to short-term leases		26,957	22,385
Variable lease payments not including in the measurement of lease liabilities	6(c)/(ii)	59,062	36,028

(i) The Group has obtained the rights to use these properties as its office and dormitory through tenancy agreements. The leases typically run for an initial period of 2 to 5 years.

(ii) During the year ended 31 December 2021, certain property leases contain variable lease payment terms that are linked to revenue generated from the operation of these properties, and majority of lease payments are on the basis of variable lease payment terms with percentages ranging from 30% to 70% (2020: 50% to 60%) of revenue generated. Variable lease payment terms are used for a variety of reasons, including minimising the fixed costs base. Variable lease payments that depend on revenue are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

For the year ended 31 December 2021, a 5% increase in revenue generated from the operation in these properties in the Group with such variable lease contracts would increase total lease payments by approximately RMB2,953,000 (2020: RMB1,801,000).

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14 INTANGIBLE ASSETS

	Uncompleted property management contracts RMB'000	Software RMB'000	Total RMB'000
Cost:			
At 1 January 2020	63,680	7,306	70,986
Additions	–	650	650
At 31 December 2020 and 1 January 2021	63,680	7,956	71,636
Additions	–	4,943	4,943
Disposal of subsidiaries *(Note 31)*	(21,920)	–	(21,920)
At 31 December 2021	41,760	12,899	54,659
Less: accumulated amortisation:			
At 1 January 2020	1,729	2,805	4,534
Charge for the year	11,546	1,354	12,900
At 31 December 2020 and 1 January 2021	13,275	4,159	17,434
Charge for the year	11,194	1,785	12,979
Disposal of subsidiaries *(Note 31)*	(9,815)	–	(9,815)
At 31 December 2021	14,654	5,944	20,598
Net book value:			
At 31 December 2021	27,106	6,955	34,061
At 31 December 2020	50,405	3,797	54,202

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15 GOODWILL

	RMB'000
Cost:	
At 1 January and 31 December 2020	271,722
Disposal of subsidiaries *(Note 31)*	(230,284)
At 31 December 2021	**41,438**
Carrying value:	
31 December 2021	**41,438**
31 December 2020	**271,722**

As at 31 December 2021, the balance of goodwill was reduced to RMB41,438,000 upon the disposal of subsidiaries as set out in note 31. The remaining balance relates to Wuhan Huanmao Property Management Co., Ltd. (武漢環貿物業管理有限公司，"Wuhan Huanmao").

Impairment tests for cash-generating units containing goodwill

Management performed impairment testing on goodwill at each of the reporting date. The recoverable amounts of CGU of Wuhan Huanmao business is determined based on the value in use ("VIU") calculation by the directors of the Company with the assistance of an independent valuer, JLL.

Their recoverable amounts are based on certain key assumptions. The calculation use pre-tax cashflow projections based on financial budgets approved by management covering a eight-year period in line with the profit guarantee period agreed in the sales and purchase agreement. Cash flow beyond the projection period is extrapolated using the estimated terminal growth rates below. The growth rates do not exceed the long-term average growth rate for the related industry in which the CGU operates. The discount rates used are pre-tax and reflect specific risks relating to the relevant industry and the CGU itself and macro-environment of the relevant region.

Other key assumptions are set out as follows:

	2021	2020
Annual growth rate of revenue	**1.5%-9.7%**	1.5%-9.3%
Gross margin (% of revenue)	**51.8%-55.7%**	40.7%-41.5%
Long-term growth rate	**2.0%**	2.0%
Pre-tax discount rate	**22.2%**	20.1%

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15 GOODWILL *(continued)*

Impairment tests for cash-generating units containing goodwill *(continued)*

Details of the headroom calculated based on the recoverable amounts deducting the carrying amount of and goodwill allocated for each CGU as at 31 December 2021 are set out as follows:

	2021 RMB'000	2020 RMB'000
Wuhan Huanmao	8,058	1,795

Management has undertaken sensitivity analysis on the impairment test of goodwill. The following table sets out the hypothetical changes to gross margin rate, annual growth rate, long-term growth rate and pre-tax discount rate that would, in isolation, have removed the remaining headroom respectively as at 31 December 2021:

	2021	2020
Decrease in gross margin rate	3.92%	0.78%
Decrease in annual growth rate	0.94%	0.16%
Decrease in long-term growth rate	2.94%	0.60%
Increase in pre-tax discount rate	2.09%	0.36%

The directors consider no provision for impairment on goodwill is necessary based on the result of the independent valuer.

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16 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.

			Proportion of ownership interest			
Name of company	Place of incorporation and business	Particulars of issued and paid up capital and debt securities	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Excellence Commercial Property Management Group Limited	BVI	HKD77,765,759	100%	–	–	Investment holding
Excellence (Hong Kong) Commercial Property Services Co., Limited	Hong Kong ("HK")	HKD1,712,775,759	100%	100%	–	Investment holding
Shenzhen Dongrunze Investment Consulting Co., Ltd. 深圳東潤澤投資顧問有限公司*(a)(b)*	PRC	HKD705,950,000	100%	–	100%	Investment holding
Shenzhen Yuanxi Investment Consulting Co., Ltd. ("Yuanxi Investment") 深圳市元熙投資諮詢有限公司*(a)*	PRC	RMB48,000,000	100%	–	100%	Investment holding
Shenzhen Excellence Property Management Co., Ltd. ("Excellence Property Management") 深圳市卓越物業管理有限責任公司*(a)*	PRC	RMB49,950,000	100%	–	100%	Property management services
Shenzhen Shenghengda Electrical Equipment Co., Ltd. ("Shenghengda EE") 深圳市盛恒達機電設備有限公司*(a)*	PRC	RMB50,000,000	100%	–	100%	Electrical and mechanical installation engineering; Construction of intelligent building engineering

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16 INVESTMENTS IN SUBSIDIARIES *(continued)*

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. *(continued)*

			Proportion of ownership interest			
Name of company	Place of incorporation and business	Particulars of issued and paid up capital and debt securities	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Shenzhen Zhuopin Business Service Co., Ltd. (former name: Shenzhen Excellence Business Service Co., Ltd.) 深圳市卓品商務服務有限公司(曾用名：深圳市卓越商務服務有限公司) *(a)*	PRC	RMB1,000,000	100%	–	100%	Air ticket booking hotel booking services; hotel management consulting
Shenzhen Excellence Real Estate Consulting Co., Ltd. 深圳市卓越地產顧問有限公司*(a)*	PRC	RMB2,000,000	100%	–	100%	Apartment leasing and community value-added services
Shenzhen Excellence Dabaihui Property Management Co., Ltd 深圳市卓越大百匯物業管理有限公司*(a)*	PRC	RMB3,000,000	51%	–	51%	Property management
Hainan zhuopeng Enterprise Operation Service Co., Ltd 海南卓鵬企業運營服務有限公司*(a)*	PRC	RMB1,436,515,000	100%	–	100%	Investment holding
Hainan yuepeng Enterprise Operation Service Co., Ltd 海南越鵬企業運營服務有限公司*(a)*	PRC	RMB1,436,515,000	100%	–	100%	Investment holding

Notes:

All companies comprising the Group have adopted 31 December as their financial year end date.

(a) The official names of these entities are in Chinese. The English names are for identification purpose only.

(b) The entity was established in the PRC as a wholly-foreign-owned enterprise.

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17 INTERESTS IN ASSOCIATES

The following list contains associates of the Group, which are unlisted corporate entities, whose quoted market price is not available:

Name of associate	Place of incorporation and business	Paid-in capital	Effective interest held by the Group: As at 31 December 2021	Effective interest held by the Group: As at 31 December 2020	Principal activities
Suzhou Industrial Park Comprehensive Insurance Property Management Limited 蘇州工業園區綜保物業管理有限公司*	the PRC	RMB10,000,000/ RMB10,000,000	30%	30%	Property management services
Shenzhen Puerhui Tea Industry Development Co., Ltd. 深圳市普而惠茶業發展股份有限公司*	the PRC	RMB30,000,000/ RMB26,250,000	25%	–	Trading

* These PRC entities are limited liability companies. The English translation of these companies' name are for reference only. The official name of these companies are in Chinese.

	2021 RMB'000	2020 RMB'000
Carrying amount of the associate	12,609	4,871
Amounts of the Group's share of the associate		
Profit for the year	1,387	1,212
Other comprehensive income	–	–
Total comprehensive income	1,387	1,212

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18 INTERESTS IN JOINT VENTURES

Details of the Group's interests in joint ventures, which is accounted for using the equity method in the consolidated financial statements, are as follows:

Name of joint venture	Place of incorporation and business	paid-in capital	Effective interest held by the Group: As at 31 December 2021	Effective interest held by the Group: As at 31 December 2020	Principal activity
Henan Huangjin Property Management Co., Ltd. ("Henan Huangjin") 河南黃錦物業管理有限公司*(i)(ii)*	the PRC	RMB50,660,000/ RMB5,006,600	**49%**	49%	Property management services
Qingdao Huiyun Industry Service Co., Ltd. ("Qingdao Huiyun") 青島慧雲產業服務有限公司(i)(ii)	the PRC	RMB20,000,000/ RMB3,000,000	**43%**	43%	Property management services
Jinan Likong Excellent Property Management Co., Ltd. ("Jinan Likong") 濟南曆控卓越物業管理有限公司(i)(ii)	the PRC	RMB3,000,000/ RMB3,000,000	**58%**	58%	Property management services

(i) These PRC entities are limited liability companies. The English translation of these companies' name is for reference only. The official names of these companies are in Chinese.

(ii) According to the Articles of Association, majority of board resolutions of Huangjin, Qingdao Huiyun and Jinan Likong requires unanimous consent from board representatives of all investors. Huangjin, Qingdao Huiyun and Jinan Likong are therefore classified as joint ventures of the Group.

	2021 RMB'000	2020 RMB'000
Aggregate carrying amounts of individually immaterial joint ventures	**45,382**	46,429
Aggregate amounts of the Group's share of the joint ventures		
Profit for the year	**7,450**	7,346
Other comprehensive income	**–**	–
Total comprehensive income	**7,450**	7,346

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19 TRADE AND OTHER RECEIVABLES

	Note	2021 RMB'000	2020 RMB'000
Current			
Trade receivables	(i)		
– Related parties		140,680	88,138
– Third parties		420,757	410,515
		561,437	498,653
Less: loss allowance		(43,214)	(37,732)
		518,223	460,921
Other receivables, net of loss allowance			
– Related parties	(iii)	20,152	6,678
– Third parties	(ii)	503,391	20,908
		523,543	27,586
Financial assets measured at amortised cost		1,041,766	488,507
Deposits and prepayments		93,203	72,491
		1,134,969	560,998
Non-current			
Prepayment for proposed acquisition of a subsidiary	(iv)	166,582	–
Consideration receivables related to disposal of subsidiaries	31	70,000	–
		236,582	–

Notes:

(i) Trade receivables are primarily related to revenue recognised from the provision of basic property management services and value-added services.

(ii) As at 31 December 2021, other receivables included consideration receivable of RMB175,000,000 in respect of disposal of Shenzhen Excellence Operation Management Co., Ltd. (深圳市卓越運營管理有限公司), ("Shenzhen Excellence Operation") and its subsidiaries (see note 31) and amount due from disposed Shenzhen Excellence Operation of RMB294,000,000 was settled subsequent to year end. Please refer to note 31 for more details of the disposal.

(iii) As at 31 December 2021, other receivables included dividend receivable from the Group's joint venture, Henan Huangjin Property Management Co., Ltd. amounting to RMB5,023,000.

(iv) During the year ended 31 December 2021, the Group has conditionally agreed to acquire 75% equity interests of Beijing Global Wealth Property Management Co., Ltd. The amount represents payments made under an agreed payment schedule. As at 31 December 2021 the transaction is completed subsequent to year end.

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19 TRADE AND OTHER RECEIVABLES *(continued)*

(a) Ageing analysis

As at 31 December 2021, the ageing analysis of trade receivables (net of loss allowance) based on the date of revenue recognition and net of loss allowance, is as follows:

	2021 RMB'000	2020 RMB'000
Within 6 months	452,372	411,416
6 months to 1 year	43,055	29,482
1 to 2 years	20,393	16,274
2 to 3 years	2,403	3,749
	518,223	460,921

Further details on the Group's credit policy and credit risk arising from trade and other receivables are set out in note 30(a).

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly (see note 2(l)(i)).

20 LOANS RECEIVABLE

	2021 RMB'000	2020 RMB'000
Unguaranteed and unsecured	18,000	84,633
Guaranteed and unsecured	–	125,010
Unguaranteed and secured	43,810	77,727
Guaranteed and secured	273,104	97,600
Gross loans receivable	334,914	384,970
Less: loss allowance	(18,900)	(16,434)
	316,014	368,536

Notes:

(i) As at 31 December 2021, loans provided by the Group to third parties from micro-lending business are interest bearing at rates ranging from 7.20%-24.00% (2020: 3.60%-28.80%) per annum, and recoverable within one year.

(ii) Credit risk arising from the loans receivable are elaborated in note 30(a).

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20 LOANS RECEIVABLE *(continued)*

As at 31 December 2021, the aging analysis of loans receivable based on due date and credit quality (note 30(a)) is set out below:

	As at 31 December 2021			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Current (not past due)	315,864	–	–	315,864
Overdue but within 1 month	400	–	–	400
Overdue over 1 month but within 3 months	–	2,750	–	2,750
Overdue over 3 months but within 6 months	–	–	8,900	8,900
Overdue over 6 months but within one year	–	–	7,000	7,000
Subtotal	316,264	2,750	15,900	334,914
Less: loss allowance	(13,480)	(650)	(4,770)	(18,900)
Total	302,784	2,100	11,130	316,014

	As at 31 December 2020			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Current (not past due)	365,893	–	–	365,893
Overdue over 1 month but within 3 months	–	2,600	–	2,600
Overdue over 3 months but within 6 months	–	–	4,477	4,477
Overdue over 6 months but within one year	–	–	12,000	12,000
Subtotal	365,893	2,600	16,477	384,970
Less: loss allowance	(11,226)	(265)	(4,943)	(16,434)
Total	354,667	2,335	11,534	368,536

Note: As at 31 December 2021, loans receivable classified at Stage 2 of RMB2,750,000 (2020: RMB2,600,000) and at Stage 3 of RMB4,800,000(2020: RMB3,000,000) were guaranteed and secured by properties held by customers, and loans receivable of RMB11,100,000(2020: RMB13,477,000) classified at Stage 3 were unguaranteed and secured by properties held by customers.

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21 RESTRICTED DEPOSITS

	Note	2021 RMB'000	2020 RMB'000
Cash collected on behalf of the property owners' associations *(i)*	25	**26,604**	17,852
Housing maintenance funds received *(ii)*	25	**6,792**	19,550
Other restricted deposits		**–**	1,194
		33,396	38,596

Notes:

(i) The Group has collected cash on behalf of the property owners' associations in its property services business. Since the property owners' associations often face difficulties in opening their own bank accounts, the Group opens and manages these bank accounts on behalf of the property owners' associations.

(ii) Housing maintenance funds received mainly represent the cash deposits in banks as housing maintenance funds which were owned by the property owners but were deposited in the bank accounts in the name of the Group.

22 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	2021 RMB'000	2020 RMB'000
Cash in hand	**119**	177
Cash at banks and other financial institutions *(Note)*	**3,007,181**	3,313,955
	3,007,300	3,314,132

Note: At 31 December 2021, cash at banks of HKD612,626,000 (equivalent to RMB500,332,000) were deposited in overseas banks and other financial institutions and held by the Company (2020: HKD3,366,348,000 (equivalent to RMB2,833,118,000)).

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22 CASH AND CASH EQUIVALENTS *(continued)*

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

	Note	2021 RMB'000	2020 RMB'000
Profit before taxation		**765,735**	476,749
Adjustments for:			
Bank interest income	5	**(29,138)**	(1,968)
Interest income from related parties	5	**–**	(5,480)
Depreciation and amortisation	6(c)	**46,824**	45,164
Gain on disposal of subsidiaries	5	**(5,009)**	(31,539)
Share of profits of associates	17	**(1,387)**	(1,212)
Share of profits less losses of joint ventures	18	**(7,450)**	(7,346)
Finance costs	6(a)	**20,705**	29,535
Net gain on investment in wealth management products	5	**(1,667)**	(4,304)
Fair value loss on financial asset measured at FVTPL	5	**–**	106
Net gain on disposal of property, plant and equipment	5	**(81)**	(14)
Net foreign exchange gain	5	**(1,336)**	–
Impairment losses on loans receivable	6(c)	**2,466**	7,396
Impairment losses on trade and other receivables	6(c)	**10,112**	6,924
Impairment losses on contract assets	6(c)	**320**	–
Equity-settled share-based payment	27	**9,942**	12,856
Changes in working capital:			
decrease in loans receivable		**50,056**	15,068
Increase in trade and other receivables		**(257,368)**	(118,518)
Increase in inventories		**(2,576)**	(2,310)
Increase in contract assets		**(16,004)**	–
Increase in contract liabilities		**140,199**	18,190
Increase in trade and other payables		**247,149**	95,565
Decrease in restricted deposits		**5,200**	30,509
Cash generated from operations		**976,692**	565,371

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22 CASH AND CASH EQUIVALENTS *(continued)*

(c) Reconciliation of liabilities arising from financing activities:

	Bank loans and other borrowing RMB'000	Lease liabilities RMB'000	Amounts due to related parties RMB'000	Interest payable RMB'000	Total RMB'000
At 1 January 2020	465,000	144,406	635,663	3,793	1,248,862
Changes from financing cash flows:					
Proceeds from bank loans and other borrowings	496,780	–	–	–	496,780
Repayment of bank and other borrowings	(587,840)	–	–	–	(587,840)
Advances from related parties	–	–	104,300	–	104,300
Repayment of advances from related parties	–	–	(719,240)	–	(719,240)
Capital element of lease rentals paid	–	(16,240)	–	–	(16,240)
Interest element of lease rentals paid	–	(8,224)	–	–	(8,224)
Interest paid	–	–	–	(24,433)	(24,433)
Total changes from financing cash flows	(91,060)	(24,464)	(614,940)	(24,433)	(754,897)
Other changes:					
Interest expense *(Note 6(a))*	–	8,224	–	21,311	29,535
Increase in lease liabilities from entering into new leases during the year	–	21,512	–	–	21,512
Disposal of a subsidiary	–	–	(20,723)	–	(20,723)
Total other changes	–	29,736	(20,723)	21,311	30,324

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22 CASH AND CASH EQUIVALENTS *(continued)*

(c) Reconciliation of liabilities arising from financing activities: *(continued)*

	Bank loans and other borrowing RMB'000	Lease liabilities RMB'000	Amounts due to related parties RMB'000	Interest payable RMB'000	Total RMB'000
At 31 December 2020 and 1 January 2021	373,940	149,678	–	671	524,289
Changes from financing cash flows:					
Proceeds from bank loans and other borrowings	153,760	–	–	–	153,760
Repayments of bank and other borrowings	(448,700)	–	–	–	(448,700)
Capital element of lease rentals paid	–	(15,051)	–	–	(15,051)
Interest element of lease rentals paid	–	(7,854)	–	–	(7,854)
Interest paid	–	–	–	(13,326)	(13,326)
Total changes from financing cash flows	(294,940)	(22,905)	–	(13,326)	(331,171)
Other changes:					
Interest expense *(Note 6(a))*	–	7,854	–	12,851	20,705
Increase in lease liabilities from entering into new leases during the year	–	8,388	–	–	8,388
Disposals	–	(5,324)	–	–	(5,324)
Disposal of subsidiaries *(Note 31)*	(4,000)	(5,944)	–	–	(9,944)
Total other changes	(4,000)	4,974	–	12,851	13,825
At 31 December 2021	75,000	131,747	–	196	206,943

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22 CASH AND CASH EQUIVALENTS *(continued)*

(d) Total cash outflow for leases

Amounts included in the consolidated statement of cash flows for leases comprise the following:

	2021 RMB'000	2020 RMB'000
Within operating cash flows	86,019	58,413
Within financing cash flows	22,905	24,464
	108,924	82,877

These amounts relate to the following:

	2021 RMB'000	2020 RMB'000
Lease rentals paid	108,924	82,877

23 BANK LOANS AND OTHER BORROWINGS

As at 31 December 2021, bank loans and other borrowings were as follows:

	2021 RMB'000	2020 RMB'000
Bank loans		
– Unsecured and unguaranteed *(i)*	–	342,150
Other borrowings		
– Unsecured and unguaranteed	75,000	31,790
	75,000	373,940

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23 BANK LOANS AND OTHER BORROWINGS *(continued)*

As at 31 December 2021, bank loans and other borrowings were repayable as follows:

	2021 RMB'000	2020 RMB'000
Within 1 year and included in current liabilities	75,000	193,790
After 1 year and included in non-current liabilities:		
After 1 year but within 2 years	–	12,000
After 2 years but within 5 years	–	168,150
	–	180,150
	75,000	373,940

Note:

(i) As at 31 December 2021, other borrowings with principal amount of RMB75,000,000(2020: RMB31,790,000) were borrowed for micro-lending business, which were unsecured and interest-bearing at 9.90% (2020: 9.90%) per annum and repayable within six months after the loan agreements signed.

24 CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	2021 RMB'000	2020 RMB'000
Contract assets		
Arising from performance under construction contracts	15,684	–
Receivables from contracts with customers within the scope of HKFRS 15, which are included in "Trade and other receivables" *(Note 19)*	77,587	–

The Group entered into certain property management agreements with its related parties to provide equipment installation services and recognised contract assets of RMB15,684,000 (2020: RMB Nil) from its related parties as at 31 December 2021.

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24 CONTRACT ASSETS AND CONTRACT LIABILITIES *(continued)*

(a) Contract assets *(continued)*

Contract assets mainly represent unbilled revenue of equipment installation services. The unbilled revenue of equipment installation services for the communities managed by the Group. The Group's installation contracts include payment schedules which require stage payments over the installation period once milestones are reached. These payment schedules prevent the build-up of significant contract assets. The Group typically agrees to a retention period ranging from 12-month period to 24-month period for 2% to 5% of the contract value. This amount is included in the retention receivables until the end of the retention period as the Group's entitlement to this final payment is conditional on the Group's work satisfactorily passing inspection. When the retention period is due and the right to the retention is unconditional, this amount is included in the trade receivables.

Further details on the Group's credit policy and credit risk arising from contract assets are set out in note 30(a).

(b) Contract liabilities

	2021 RMB'000	2020 RMB'000
Property management services	216,236	81,628

Movements in contract liabilities are as follows:

	2021 RMB'000	2020 RMB'000
At 1 January	81,628	63,438
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year	(76,773)	(58,950)
Disposal of subsidiaries *(Note 31)*	(5,591)	–
Increase in contract liabilities as a result of receiving property management services in advance	216,972	77,140
At 31 December	216,236	81,628

The Group entered into certain property management agreements with its related parties to provide basic property management services and value-added services and received advance payments of RMB126,413,000 (2020: RMB17,327,000) from its related parties as at 31 December 2021.

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25 TRADE AND OTHER PAYABLES

	Notes	2021 RMB'000	2020 RMB'000
Current			
Trade payables	(a)		
– Related parties		38,895	36,432
– Third parties		289,783	156,152
		328,678	192,584
Other payables			
– Related parties		27,497	19,828
– Third parties		92,903	95,113
		120,400	114,941
Dividend payable to non-controlling interests		–	5,388
Cash collected on behalf of property owners' association	21	26,604	17,852
Housing maintenance funds held on behalf of property owners	21	6,792	19,550
Interest payable		196	671
Financial liabilities measured at amortised cost		482,670	350,986
Payments received for proposed disposal of a subsidiary	(b)	305,095	300,000
Accrued payroll and other benefits		177,439	148,062
Deposits		90,128	82,733
Accrued charges		22,009	11,068
		1,077,341	892,849
Non-current			
Payable related to purchase for a joint venture		800	–
Other payables	(c)	–	102,280
		800	102,280

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25 TRADE AND OTHER PAYABLES *(continued)*

Notes:

(a) Trade payables mainly represent payables arising from sub-contracting services including cleaning, security, landscaping and maintenance services provided by suppliers and payables relating to car parks leasing.

(b) The balance represents receipt in advance in relation to the proposed transfer 100% equity interests in Shenzhen Zhuotou as at 31 December 2021.

(c) The payables represent a put option ("NCI Put Option") written to the non-controlling interests of Zhejiang Gangwan Property Service Co., Ltd. and its subsidiaries (collectively referred to as "Zhejiang Gangwan Group"), a subsidiary of the Group, upon the acquisition. In 2019, the Group acquired certain subsidiaries and wrote a put option to the vendors of Zhejiang Gangwan Group, who is currently the non-controlling interests and owned 40% equity interests in Zhejiang Gangwan Group. In accordance with the terms of the NCI Put Option, the non-controlling interests have the right to sell its remaining 40% interests in Zhejiang Gangwan Group to the Group at the agreed price-earning ratio after three years from the acquisition date if Zhejiang Gangwan Group meets certain profit targets. The present value of the estimated amount that may become payable is initially recognised as other liability with a corresponding charge directly to other reserves within equity. In accordance with the accounting policy set out in note 2(f)(iii), the amount is subsequently accrete to the estimated amount to be paid up to the date of exercise of the put option and the change of remeasurement of the amount is recorded into other reserve.

The Group has disposed its entire 60% equity interest of Zhejiang Gangwan Group through the disposal of Shenzhen Excellence Operation and derecognised the NCI Put Option with carrying amount of RMB124,592,000, after accretion of RMB22,312,000 during the year, in December 2021 (Note 31).

As at 31 December 2021, the ageing analysis of trade payables, based on invoice date is as follows:

	2021 RMB'000	2020 RMB'000
Within 1 month	**202,950**	118,069
1 to 3 months	**59,079**	30,931
3 to 6 months	**25,057**	4,979
6 to 12 months	**9,282**	10,101
Over 12 months	**32,310**	28,504
	328,678	192,584

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26 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at each reporting date:

	2021		2020	
	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000
Within 1 year	14,006	20,763	17,509	25,089
After 1 year but within 2 years	9,476	15,605	15,725	22,418
After 2 years but within 5 years	19,661	35,952	24,322	41,070
After 5 years	88,604	108,306	92,122	115,440
	117,741	159,863	132,169	178,928
	131,747	180,626	149,678	204,017
Less: total future interest expenses		(48,879)		(54,339)
Present value of lease liabilities		131,747		149,678

At 31 December 2021, the above balance included lease liabilities in respect of certain leasehold properties leased from related parties of the Group of RMB4,946,000 (2020: RMB6,818,000).

27 PRE-IPO SHARE OPTION SCHEME

The Company has a Pre-IPO Share Option Scheme whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options at consideration of HK$1 per grant to subscribe for shares of the Company. On 9 September 2020, a total number of 28,200,000 ordinary share options were granted under the Pre-IPO Share Option Scheme. The options will fully vest after three years from the Listing Date or, as the case may be, the first anniversary date of the employment commencement date of the relevant grantees and are then exercisable within a period of 5 years from the date of grant. The exercise price per share is HK$5.36.

Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

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27 PRE-IPO SHARE OPTION SCHEME *(continued)*

(a) The terms and conditions of the grants are as follows:

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to directors:			
– on 9 September 2020	17,400,000	33.33%, 33.33% and 33.34% exercisable after the publication of annual report of the Company for the year ended 31 December 2021, 2022 and 2023 respectively	5 years
Options granted to employees:			
– on 9 September 2020	10,800,000	33.33%, 33.33% and 33.34% exercisable after the publication of annual report of the Company for the year ended 31 December 2021, 2022 and 2023 respectively	5 years
Total share options granted	28,200,000		

(b) The number and weighted average exercise prices of share options are as follows:

	2021		2020	
	Weighted average exercise price	**Number of options**	Weighted average exercise price	Number of options
Outstanding at the beginning of the year	**$5.36**	**28,200,000**	–	–
Granted during the year	**–**	**–**	$5.36	28,200,000
Forfeited during the year	**$5.36**	**(2,494,841)**	–	–
Outstanding at the end of the year	**$5.36**	**25,705,159**	$5.36	28,200,000
Exercisable at the end of the year	**–**	**–**	–	–

The options outstanding at 31 December 2021 have an exercise price of HK$5.36 and a weighted average remaining contractual life of 3.6 years (2020: 4.6 years).

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28 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	2021 RMB'000	2020 RMB'000
Corporate Income Tax		
Prepaid tax	770	1,465
Current taxation	(90,896)	(57,214)
	(90,126)	(55,749)
The movement of Corporate Income Tax are as follows:		
At 1 January	(55,749)	(57,210)
Charged to profit or loss	(218,568)	(129,898)
Disposal of subsidiaries *(Note 31)*	17,555	–
Payments during the year	166,636	131,359
At 31 December	(90,126)	(55,749)

(b) Deferred tax recognised:

(i) Movements 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 year are as follows:

		Deferred tax arising from							
	Note	Impairment loss on receivables RMB'000	Unused tax losses RMB'000	Right-of-use assets RMB'000	Accrued expenses RMB'000	Uncompleted property management contracts RMB'000	Withholding tax RMB'000	Others RMB'000	Total RMB'000
At 1 January 2020		10,608	4,495	2,343	1,896	(15,488)	–	–	3,854
Credited/(charged) to profit or loss		3,580	227	2,368	3,985	2,887	(4,155)	179	9,071
Disposal of a subsidiary	31	–	–	–	(159)	–	–	(179)	(338)
At 31 December 2020 and 1 January 2021		14,188	4,722	4,711	5,722	(12,601)	(4,155)	-	12,587
Credited/(charged) to profit or loss		3,225	(4,270)	1,386	-	2,799	(2,826)	-	314
Disposal of subsidiaries	31	(110)	(8)	(42)	(434)	3,025	-	-	2,431
At 31 December 2021		17,303	444	6,055	5,288	(6,777)	(6,981)	-	15,332

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28 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

(b) Deferred tax recognised:

(ii) Reconciliation to the consolidated statement of financial position

	2021 RMB'000	2020 RMB'000
Net deferred tax assets recognised in the consolidated statements of financial positions	29,016	28,666
Net deferred tax liabilities recognised in the consolidated statements of financial positions	(13,684)	(16,079)
	15,332	12,587

(c) Deferred tax assets and liabilities not recognised:

(i) Deferred tax assets have not been recognised in respect of the following items:

	2021 RMB'000	2020 RMB'000
Unused tax losses		
– the PRC	249	50

The Group has not recognised deferred tax assets in respect of unused tax losses of subsidiaries as it is not probable that sufficient future taxable profits will be available against which unused tax losses can be utilised.

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28 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

(c) Deferred tax assets and liabilities not recognised *(continued)*

(i) Deferred tax assets have not been recognised in respect of the following items: (continued)

Pursuant to the relevant laws and regulations in the PRC, the unrecognised tax losses at 31 December 2021 will expire in the following years:

	2021 RMB'000	2020 RMB'000
2022	25	36
2023	6	6
2024	6	6
2025	2	2
2026	210	–
	249	50

The unused tax losses can be carried forward to offset against taxable profits of subsequent years for up to five years from the year in which they arose.

(ii) The Corporate Income Tax Law and its implementation rules impose a withholding tax at 10%, unless reduced by a treaty or agreement, for dividends, distributed by a PRC-resident enterprise to its immediate holding company outside the PRC for profits generated and undistributed profits generated. According to the China-Hong Kong tax arrangement and its relevant regulations, a qualified Hong Kong tax resident which is the "beneficial owner" and holds 25% or more of a PRC enterprise is entitled to a reduced withholding tax rate of 5%. As at 31 December 2021, the Group did not provide for deferred tax liabilities on profits generated by certain of its PRC subsidiaries amounting to RMB343,480,000 (2020: RMB205,080,000) since the Group controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

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29 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

Authorised share capital

On 13 January 2020, the Company was incorporated in the Cayman Islands as an exempted company with limited liability. The authorised share capital of the Company is HKD380,000 divided into 38,000,000 shares of a par value of HK$0.01 each. Pursuant to the shareholders' resolutions of the Company dated 28 September 2020, the authorised share capital of the Company is increased from HKD380,000 divided into 38,000,000 shares of a par value of HK$0.01 each to HKD50,000,000 divided into 5,000,000,000 shares with the par value of HK$0.01 each.

Issued share capital

	2021		2020	
	HK$	RMB	HK$	RMB
Fully issued and fully paid:				
1,222,490,000 (2020: 1,222,490,000) Ordinary shares with the par value HK$0.01 each	**12,224,900**	**10,496,360**	12,224,900	10,496,360

(b) Repurchase of shares

During the year, the Company repurchased its own ordinary shares on The Stock Exchange as follows:

Month/year	Number of shares repurchased	Highest price paid per share HK$	Lowest price paid per share HK$	Aggregate price paid HK$'000
December 2021	2,142,000	4.88	4.35	9,926

The total amount paid on the repurchased shares of HKD9,926,000 (equivalent to RMB8,100,000) was paid in cash and debited to "treasury shares". On 24 January 2022, the Company has completed the cancellation procedures for all the repurchased own shares.

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29 CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(c) Movements in components of equity of the Company

Details of the changes in the Company's individual components of equity are set out below:

	Share capital RMB'000	Share premium RMB'000	Share option reserves RMB'000	Treasury shares RMB'000	Exchange reserve RMB'000	(Accumulated losses)/ Retained profit RMB'000	Total RMB'000
Balance at 13 January 2020 (date of incorporation)	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(61,391)	(8,555)	(69,946)
Issuance of shares upon establishment *(Note)**	-	80,049	-	-	-	-	80,049
Capitalisation issue	7,729	(7,729)	-	-	-	-	-
Issue of ordinary shares upon IPO, net of issuing costs	2,767	2,877,316	-	-	-	-	2,880,083
Pre-IPO equity-settled share-based payment *(Note 27)*	-	-	12,856	-	-	-	12,856
Balance at 31 December 2020 and balance on 1 January 2021	10,496	2,949,636	12,856	-	(61,391)	(8,555)	2,903,042
Changes in equity for 2021:							
Total comprehensive income for the period	-	-	-	-	(83,089)	313,190	230,101
2020 final dividends *(Note 29(e))*	-	-	-	-	-	(97,793)	(97,793)
2021 interim dividends *(Note 29(e))*	-	-	-	-	-	(188,840)	(188,840)
Pre-IPO equity-settled share-based payment *(Note 27)*	-	-	16,712	-	-	-	16,712
Forfeit of share options *(Note 27)*	-	-	(6,770)	-	-	-	(6,770)
Repurchase of shares *(Note 29(b))*	-	-	-	(8,100)	-	-	(8,100)
Balance at 31 December 2021	10,496	2,949,636	22,798	(8,100)	(144,480)	18,002	2,848,352

* As the amount of share capital is less than RMB1,000, it is represented as nil for the presentation purpose.

Note: As part of the Reorganisation, the Company acquired the entire equity interests in Shenzhen Dongrunze, which was settled by means of issuing new shares to the then equity shareholder of Shenzhen Dongruze, an entity controlled by Mr. Li Wa. The difference between net assets acquired and issued share capital of the Company is recorded as share premium.

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29 CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(d) Nature and purpose of reserves

(i) PRC statutory reserves

Statutory reserves are established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Group which are incorporated in the PRC until the reserve balance reaches 50% of their registered capital.

The transfer to their reserves must be made before distribution of a dividend to equity holders.

For the companies concerned, statutory reserves can be used to cover previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of equity holders, provided that the balance of the reserve after such conversion is not less than 25% of the registered capital of the respective companies.

(ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside the PRC. The reserve is dealt with in accordance with the accounting policies set out in note 2(w).

(iii) Other reserves

Other reserves mainly comprise the following:

(i) recognition of NCI Put Option arising from the acquisition of Zhejiang Gangwan Group, the subsequent change of the carrying amount from the remeasurement at the end of each reporting period and derecognition of NCI Put Option due to the disposal of subsidiaries during the year (note 25(d)); and

(ii) adjustment of other reserves arising from the Reorganisation.

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29 CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(e) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year ended 31 December 2021:

	2021 RMB'000	2020 RMB'000
2021 Interim dividend declared and paid after the interim period of HK18.62 cents (equivalent to RMB15.44 cents) per ordinary share	**188,840**	Nil
2021 Final dividend proposed after the consolidated statement of financial position date of HK17.38 cents (equivalent to RMB14.16 cents) per ordinary share (2020: HK9.51 cents (equivalent to RMB7.91 cents) per ordinary share)	**172,801**	97,793
	361,641	97,793

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:

	2021 RMB'000
2020 Final dividend in respect of the previous financial year, approved and paid during the year, of HK9.51 cents (equivalent to RMB7.91 cents) per ordinary share	**97,793**

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

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29 CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(f) Capital management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the asset-liability ratio. This ratio is calculated as total liabilities divided by total assets.

As of 31 December 2021, asset-liability ratio of the Group is follows:

	2021	2020
Asset-liability ratio	32%	34%

Other than a subsidiary engaged in micro-lending activities which has imposed registered capital of RMB305 million, the Group is not subject to other externally imposed capital requirements throughout the year.

30 FINANCIAL RISK MANAGEMENT

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

Financial assets of the Group include cash and cash equivalents, restricted deposits, financial assets measured at FVTPL, trade and other receivables and loans receivable. Financial liabilities of the Group include bank loans and other borrowings and trade and other payables.

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.

30 FINANCIAL RISK MANAGEMENT *(continued)*

(a) Credit risk

The Group's credit risk is primarily attributable to cash at bank and restricted deposits, contract assets, trade and other receivables and loans receivable. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The cash at bank and restricted deposits of the Group are mainly held with well-known financial institutions. Management does not foresee any significant credit risk from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

Trade and other receivables

The Group has a large group of customers from different sectors and there is no concentration of credit risk. It has set up procedures to monitor settlement of overdue property management fees. It uses debtors' aging analysis to assess customers' ability to settle in accordance with the contractual terms on a timely basis. The Group does not offer any credit period to our tenant customers except for certain large customers which have a credit period of generally one to three months.

In respect of trade receivables, the Group measures loss allowances at an amount equal to lifetime ECLs. The ECL rates take into account of forward-looking information, different payment behaviours and credit terms granted to different customer types, such as, large group customers, commercial tenants and residential customers. The Group also considers significant changes in property management and other service fee collection rate when determining expected credit loss rate.

In respect of amounts due from related parties and other receivables, regular review and follow-up actions are carried out on long-aged receivables, which enable management to assess their recoverability and to minimise exposure to credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. Specific impairment losses have been made for the certain other receivables to reflect the relevant ECL.

In determining the recoverability of the other receivables due from certain third parties (including the non-trade amounts recognised from equity acquisitions or disposals), the Group considers any change in the credit quality of these non-trade related amounts from the date credit was initially granted up to the end of the year and no impairment is considered necessary for those balances. The Group rebutted the presumption of default under ECL for those other receivables that having legally ownership of related equities based on the strong capacity to meet its contractual cash flow obligations, good credit rating and continuous partial settlement of these counterparties. The management of the Group consider that the credit risk is low based on their probability of default and exposure of default, and thus the loss allowance is immaterial.

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30 FINANCIAL RISK MANAGEMENT *(continued)*

(a) Credit risk *(continued)*

Trade and other receivables (continued)

The Group expects that the credit risk associated with other receivables due from certain entities (including the non-trade amounts due from the entities controlled by Mr. Li Wa, other non-trade amounts due from Excellence Group and other receivables due from other related parties) is low, since these entities have a strong capacity to meet its contractual cash flow obligations in the near term. The Group has assessed that the ECL rate for the amounts due from these entities is low and considered them to have low credit risk, and thus the loss allowance is immaterial.

The Group's exposure to credit risk arising from refundable rental deposits is considered to be low, taking into account (i) the landlords' credit rating and (ii) the remaining lease term and the period covered by the rental deposits.

The following table provides information about the Group's exposure to credit risk and ECLs for trade and other receivables as at 31 December 2021:

At 31 December 2021	Expected loss rate	Gross carrying amount RMB'000	Loss allowance RMB'000
Trade receivables – Non-residential properties			
Within 6 months	0.5%	454,624	2,251
6 months to 1 year	0.5%	22,877	113
1 to 2 years	10%	21,834	2,281
2 to 3 years	46%	4,427	2,024
Over 3 years	100%	8,764	8,764
		512,526	15,433
Trade receivables – Residential properties			
Within 1 year	29%	28,531	8,241
1 to 2 years	87%	6,540	5,700
2 to 3 years	100%	4,225	4,225
Over 3 years	100%	9,615	9,615
		48,911	27,781
		561,437	43,214
Other receivables	0.2%	687,926	1,180
		1,249,363	44,394

30 FINANCIAL RISK MANAGEMENT *(continued)*

(a) Credit risk *(continued)*

Trade and other receivables (continued)

At 31 December 2020	Expected loss rate	Gross carrying amount RMB'000	Loss allowance RMB'000
Trade receivables – Non-residential properties			
Within 6 months	2%	404,499	8,234
6 months to 1 year	3%	29,526	945
1 to 2 years	26%	15,113	3,896
2 to 3 years	63%	4,219	2,670
Over 3 years	100%	7,525	7,525
		460,882	23,270
Trade receivables – Residential properties			
Within 1 year	12%	18,279	2,227
1 to 2 years	23%	6,530	1,473
2 to 3 years	48%	4,199	1,999
Over 3 years	100%	8,763	8,763
		37,771	14,462
		498,653	37,732
Other receivables	9%	30,172	2,586
		528,825	40,318

Expected loss rates are based on actual loss experience over the past four years. These rates are adjusted to reflect differences between economic conditions during the reporting periods 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.

In addition to the credit risk management policy stated above, the Group considers the probability of default upon initial recognition of assets and considers whether there has been a significant increase in credit risk on an ongoing basis. To assess whether there has been a significant increase in credit risk, the Group compares the risk of default occurring on an asset as at the end of each reporting period with the risk of default as at the date of initial recognition. It considers reasonable and supportive forward-looking information that is available. Details of indicators are disclosed in note 2(l)(i).

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For the year ended 31 December 2021

(Expressed in Renminbi unless otherwise indicated)

30 FINANCIAL RISK MANAGEMENT *(continued)*

(a) Credit risk *(continued)*

Trade and other receivables (continued)

The movement in the allowance for impairment of trade and other receivables during the year, including both specific and collective loss components, is as follows:

Impairment of trade and other receivables

	2021 RMB'000	2020 RMB'000
At 1 January	40,318	33,394
Impairment loss recognised	10,112	6,924
Write-off	(554)	–
Disposal of subsidiaries	(5,482)	–
At 31 December	44,394	40,318

Loans receivable

In respect of loans receivable, the Group has established relevant mechanism to cover credit risk in key operational phases of micro-lending business, including pre-lending evaluations, credit approval, and post-lending monitoring. The Group conducts customer acceptance and due diligence by business and marketing department and risk management department in pre-lending evaluations. In the credit approval phase, all loan applications are subject to the assessment and approval of the Group's deputy general manager, general manager or loan assessment committee, depending on the amount of the loans. To manage the credit risk, the Group also requests customers to provide eligible assets as collateral or requests qualified guarantee institutions to provide guarantees for the customers. During the post-lending monitoring, the Group keeps monitor the repayment of interests to detect any potential risks by evaluating various aspects, including but not limited to the customers' operational and financial conditions, status of collaterals and other sources of repayment.

At the end of each reporting period, based on the credit quality, loans receivable are categorised into three stages by the Group:

Stage 1

Loans receivable have not experienced a significant increase in credit risk since origination and impairment is recognised on the basis of 12 months expected credit losses (12-month ECLs).

Stage 2

Loans receivable have experienced a significant increase in credit risk since origination and impairment is recognised on the basis of lifetime expected credit losses (Lifetime ECLs non credit-impaired).

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For the year ended 31 December 2021

(Expressed in Renminbi unless otherwise indicated)

30 FINANCIAL RISK MANAGEMENT *(continued)*

(a) Credit risk *(continued)*

Loans receivable (continued)

Stage 3

Loans receivable are in default and considered credit impaired (Lifetime ECLs credit – impaired).

The Group applies the ECL model to measure the impairment loss of the loans receivable by considering the probabilities of default, losses given default, exposures at default and forward-looking information (e.g. impact of development in macroeconomic environment and etc.).

The following table provides information about the Group's exposure to credit risk and ECLs for loans receivable as at 31 December 2021:

At 31 December 2021	**Expected loss rate**	**Gross carrying amount**	**Loss allowance**
Loans receivable			
– Stage 1	**4%**	**316,264**	**13,480**
– Stage 2	**24%**	**2,750**	**650**
– Stage 3	**30%**	**15,900**	**4,770**
		334,914	**18,900**

At 31 December 2020	Expected loss rate	Gross carrying amount	Loss allowance
Loans receivable			
– Stage 1	3%	365,893	11,226
– Stage 2	10%	2,600	265
– Stage 3	30%	16,477	4,943
		384,970	16,434

The movement in the allowance for impairment of loans receivable during the year is as follows:

Impairment of loans receivable

	2021 RMB'000	2020 RMB'000
At 1 January	**16,434**	9,038
Impairment loss recognised	**2,466**	7,396
At 31 December	**18,900**	16,434

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(Expressed in Renminbi unless otherwise indicated)

30 FINANCIAL RISK MANAGEMENT *(continued)*

(a) Credit risk *(continued)*

Contract assets

As part of the Group's credit risk management, the Group applies internal credit rating for its customers on contract assets on a timely basis. The Group uses three categories for those contract assets which reflects their credit risk:

Stage 1

Communities which the Group consider that low risk of default because the performance of installed engineering equipment meet the Group's expectations and no financial difficulty is identified.

Stage 2

Communities to which the Group provides the equipment installation services and settled with the property developers before the properties are delivered to owners. The property developer has stronger capability to meet contractual cash flows than individual property management offices and there is lower risk of default.

Stage 3

Communities which the Group consider that no realistic prospect of recovery because the performance of installed engineering equipment does not meet the Group's expectations or financial difficulty of the property management office is identified. The amounts are credit – impaired and there is no realistic prospect of recovery.

The following table provides information about the Group's exposure to credit risk and ECLs for contract assets as at 31 December 2021:

At 31 December 2021	Category	Expected loss rate	Gross carrying amount RMB'000	Loss allowance RMB'000
Contact assets				
Stage 1	Not credit-impaired	2%	16,004	320
Stage 2	Not credit-impaired	–	–	–
Stage 3	Credit-impaired	–	–	–
			16,004	320

The expected average loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking macroeconomic data that is available without undue cost or effort.

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(Expressed in Renminbi unless otherwise indicated)

30 FINANCIAL RISK MANAGEMENT *(continued)*

(b) Liquidity risk

The Group's management reviews the liquidity position of the Group on an ongoing basis, including review of the expected cash inflows and outflows and maturity of loans and borrowings in order to ensure that it maintains sufficient reserves of cash 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 each reporting period) and the earliest date the Group can be required to pay:

	As 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 at 31 December RMB'000
Bank loans and other borrowings	77,509	–	–	–	77,509	75,000
Lease liabilities	20,341	15,587	36,262	108,438	180,628	131,747
Trade and other payables (excluding deposits, accrued payroll and other benefits, and accrued charges)	483,470	–	–	–	483,470	483,470
	581,320	15,587	36,262	108,438	741,607	690,217

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(Expressed in Renminbi unless otherwise indicated)

30 FINANCIAL RISK MANAGEMENT *(continued)*

(b) Liquidity risk *(continued)*

	As at 31 December 2020					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount at 31 December RMB'000
Bank loans and other borrowings	207,551	20,678	170,648	–	398,877	373,940
Lease liabilities	25,089	22,418	41,070	115,440	204,017	149,678
Trade and other payables (excluding deposits, accrued payroll and other benefits, accrued charges and other payables relating to NCI Put Option)	350,986	–	–	–	350,986	350,986
	583,626	43,096	211,718	115,440	953,880	874,604

(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 exposed to significant interest rate risk for cash and cash equivalents or restricted cash because the interest rates of cash at bank are not expected to change significantly.

All of the lease liabilities and other borrowings of the Group are fixed rate instruments and are insensitive to any change in market interest rates. The Group does not have floating rate liabilities or loans as at 31 December 2021 and consequently does not have significant exposure to interest rate risk.

(d) Currency risk

The functional currency of the Group's subsidiaries in mainland China is RMB. Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in RMB. The cash held by the Company and Hong Kong subsidiary are denominated in Hong Kong dollar ("HKD") and the functional currency of these entities are HKD. The Group considers the risk of movements in exchange rates to be insignificant.

30 FINANCIAL RISK MANAGEMENT *(continued)*

(e) Fair value measurement

(i) Fair value hierarchy

HKFRS 13, Fair value measurement, requires the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13. 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

	2021			2020		
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurements						
Assets:						
– Wealth management products *(Note)*	–	–	–	–	–	48,177
– Receivables due from a third party	–	–	–	–	–	2,118

Note: For wealth management products issued by banks that are measured at fair value through profit and loss, the fair value is determined by calculating based on the discounted cash flow method.

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(Expressed in Renminbi unless otherwise indicated)

30 FINANCIAL RISK MANAGEMENT *(continued)*

(e) Fair value measurement *(continued)*

(i) Fair value hierarchy (continued)

The main level 3 inputs used by the Group for wealth management products are the expected rates of return. At 31 December 2020, if the expected rate of return of the investment in wealth management products held by the Group had been 1% higher/lower, the Group's profit after tax and retained profits would have been RMB361,000 higher/lower.

The main level 3 inputs used by the Group for receivables due from a third party are revenue growth rates during the profit guaranteed period. At 31 December 2020, if the revenue growth rates during the profit guaranteed period had been 1% higher/lower, the Group' s profit after tax and retained profits would have been RMB463,000 lower/higher respectively.

(f) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial assets and liabilities carried at cost or amortised cost are not materially different from their fair values at 31 December 2021 and 2020.

31 DISPOSAL OF SUBSIDIARIES

On 22 December 2021 ("disposal date"), the Group entered into share purchase agreements with an independent third party, for disposal of entire equity interest of Shenzhen Excellence Operation which holds 60% equity interests in each of Wuhan Yuyang Property Management Co., Ltd. and Zhejiang Gangwan Property Services Co., Ltd. for a consideration of RMB350,000,000.

The net assets of the disposed subsidiaries at the disposal date are set out as below:

	Note	RMB'000
Cash and cash equivalents		314,849
Other financial assets		100,000
Financial assets measured at fair value through profit or loss (FVPL)		2,118
Trade and other receivables		152,923
Property, plant and equipment	12	9,869
Intangible assets	14	12,105
Goodwill	15	230,284
Deferred tax assets	28(b)	594
Bank loans		(4,000)
Contract liabilities	24(b)	(5,591)
Trade and other payables		(383,481)
Lease liabilities		(5,944)
Tax payable	28(a)	(17,555)
Deferred tax liabilities	28(b)	(3,025)
Net assets		403,146
Non-controlling interests		(58,155)
Net assets attributable to the Group		344,991
Gain on disposal of the subsidiaries:		
Considerations		350,000
Less: net assets attributable to the Group disposal of		344,991
Gain on disposal of the subsidiaries	5(b)	5,009
Net cash outflow arising on disposal during the year ended 31 December 2021:		
Consideration received, satisfied in cash		105,000
Less: cash and cash equivalents disposed of	Note	(314,849)
Net cash outflow		(209,849)

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31 DISPOSAL OF SUBSIDIARIES *(continued)*

Notes:

(i) RMB105,000,000 was settled upon signing of the share purchase agreements during the year. According to the payment schedule, the remaining RMB175,000,000 and RMB70,000,000 is to be settled in 2022 (and is recorded under other receivables in current assets at 31 December 2021) and 2023 respectively. Amount receivable in 2023 is recorded as non-current other receivables (see note 19).

(ii) Subsequent to year end, the Group received amounting of RMB294,000,000 from the third party.

32 COMMITMENTS

Capital commitments outstanding not provided for in the financial statements were as follows:

	2021	2020
	RMB'000	RMB'000
Contracted for and authorised but not contracted for	**30,388**	15,001

As at 31 December 2021, capital commitments mainly represented capital expenditure for purchase of software and improvement of IT system.

33 RELATED PARTY TRANSACTIONS

In addition to the related party transactions and balances disclosed elsewhere in these financial statements, the Group also had the following related party transactions and related balances:

(a) Significant related party transactions

(i) The Group rendered properties management services to related parties that included companies that were owned or under significant influence by controlling shareholder and chairman of the board of the Group. The service revenue for the year ended 31 December 2021 was RMB102,308,000 (2020: RMB70,374,000) and the amount of trade receivables and contract liabilities at 31 December 2021 was RMB140,680,000 (2020: RMB88,138,000) and RMB126,413,000 (2020: RMB17,327,000) respectively.

(ii) The Group purchased maintenance and other services or goods from related parties that included companies that were owned or under significant influence by controlling shareholder and chairman of the board of the Group. The cost relating to procurement, maintenance and other services for the year ended 31 December 2021 was RMB506,474,000 (2020: RMB238,375,000) and the amount payable at 31 December 2021 was RMB234,000 (2020: RMB1,082,000).

33 RELATED PARTY TRANSACTIONS *(continued)*

(a) Significant related party transactions *(continued)*

(iii) The Group entered into leases in respect of certain leasehold properties from its related parties that included companies that were owned or under significant influence by controlling shareholder and chairman of the board of the Group, with lease terms ranging from two years to five years. During the year ended 31 December 2021, the amounts of rent payable by the Group under these leases were RMB2,058,000 (2020: RMB2,811,000), and relevant interest expenses charged on lease liabilities were RMB186,000 (2020: RMB353,000). The Group recognised right-of-use assets and lease liabilities are RMB4,767,000 (2020: RMB6,628,000) and RMB4,946,000 (2020: RMB6,818,000) respectively at 31 December 2021.

In addition, the Group entered into property leases agreements containing variable lease payment terms with the related parties that included companies that were owned or under significant influence by controlling shareholder and chairman of the board of the Group.

Variable lease payments that depend on revenue were recognised RMB55,577,000 (2020: RMB33,987,000) in profit or loss account in the year. The outstanding rent payable at 31 December 2021 was RMB38,661,000 (2020: RMB35,350,000).

(iv) In May 2020, the Group entered into a framework agreement with a related party which was under significant influence by chairman to transfer 100% equity interests in Shenzhen Zhuotou, a subsidiary of the Group principally engaged in micro-lending business, and received a payment of RMB300,000,000 for the proposed transfer. In 2021, the final consideration for the transfer has been determined with reference to the valuation performed by an independent external valuer, and the Group received remaining RMB5,095,000 advance payment. The Group submitted for approval of the transaction in January 2022. The completion of the transaction is subject to the approval from the relevant government authority. The advance received was interest-free.

All of the transactions above were carried out in the normal course of the Group’s business and on terms as agreed between the transacting parties.

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33 RELATED PARTY TRANSACTIONS *(continued)*

(b) Key management personnel remuneration

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

	2021 **RMB'000**	2020 RMB'000
Salaries, allowances and benefits in kind	**6,699**	3,658
Discretionary bonuses	**6,839**	8,338
Retirement scheme contributions	**140**	113
Equity-settled share-based payment	**8,053**	9,901
	21,731	22,010

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

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

Apart from the connected transactions and continuing connected transactions disclosed in the section headed "Connected Transactions" in the Directors' Report, all the other related party transactions did not fall under the scope of "Connected Transactions" or "Continuing Connected Transactions" under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Notes to the Consolidated Financial Statements

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(Expressed in Renminbi unless otherwise indicated)

34 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	31 December 2021 RMB'000	31 December 2020 RMB'000
Non-current asset		
Investment in a subsidiary	**1,421,859**	77,533
Current assets		
Other receivables	**920,552**	8,228
Cash and cash equivalents	**512,706**	2,825,110
	1,433,258	2,833,338
Current liability		
Other payables	**6,765**	7,829
Net current assets	**1,426,493**	2,825,509
Total assets less current liabilities and net assets	**2,848,352**	2,903,042
Share capital	**10,496**	10,496
Reserves	**2,837,856**	2,892,546
TOTAL EQUITY	**2,848,352**	2,903,042

35 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(i) Subsequent to the end of the reporting period, the board of the directors proposed a final dividend. Further details are disclosed in note 29(e).

(ii) During the year ended 31 December 2021, the Group has acquired 75% of equity interests in Beijing Global Wealth. Beijing Global Wealth became a subsidiary of the Group upon completion of the acquisition in January 2022.

36 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2021, the directors consider the ultimate controlling party and the immediate parent of the Group is Mr. Li Wa and Urban Hero respectively.

Notes to the Consolidated Financial Statements

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37 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE REPORTING PERIODS

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and a new standard, HKFRS 17, Insurance contracts, which are not yet effective for the year ended 31 December 2021 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3, *Reference to the Conceptual Framework*	1 January 2022
Amendments to HKAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*	1 January 2022
Amendments to HKAS 37, *Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
Annual Improvements to HKFRSs 2018-2020 Cycle	1 January 2022
Amendments to HKAS 1, *Classification of liabilities as current or non-current*	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2, *Disclosure of accounting policies*	1 January 2023
Amendments to HKAS 8, *Definition of accounting estimates*	1 January 2023
Amendments to HKAS 12, *Deferred tax related to assets and liabilities arising from a single transaction*	1 January 2023

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

Five-Year Financial Summary

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December				
	2017	2018	2019	2020	**2021**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Revenue	947,287	1,223,186	1,836,019	2,525,087	**3,467,066**
Cost of sales	(713,817)	(928,947)	(1,402,573)	(1,861,275)	**(2,507,439)**
Gross profit	233,470	294,239	433,446	663,812	**959,627**
Other revenue	3,835	3,197	17,467	22,970	**45,518**
Other net income/(loss)	(161)	(7,060)	(15,772)	21,030	**(5,553)**
Selling and marketing expenses	(6,306)	(8,217)	(7,024)	(15,419)	**(18,637)**
Administrative expenses	(47,435)	(76,691)	(96,776)	(194,667)	**(203,352)**
Profit from operations	183,403	205,468	331,341	497,726	**777,603**
Finance costs	(414)	(1,303)	(20,482)	(29,535)	**(20,705)**
Share of profit of an associate	767	859	887	1,212	**1,387**
Share of profits less losses of joint ventures	344	6,246	5,001	7,346	**7,450**
Profit before taxation	184,100	211,270	316,747	476,749	**765,735**
Income tax	(47,707)	(54,711)	(83,182)	(120,827)	**(218,254)**
Profit for the year	136,393	156,559	233,565	355,922	**547,481**
Attributable to:					
Equity shareholders of the Company	109,075	125,773	178,510	324,987	**510,088**
Non-controlling interests	27,318	30,786	55,055	30,935	**37,393**
Profit for the year	136,393	156,559	233,565	355,922	**547,481**
Other comprehensive income for the year (after tax and reclassification adjustments)					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of financial statements of the Company and overseas subsidiaries	–	20	10	(55,621)	**(66,025)**
Total comprehensive income for the year	136,393	156,579	233,575	300,301	**481,456**
Attributable to:					
Equity shareholders of the Company	109,075	125,789	178,518	269,366	**444,063**
Non-controlling interests	27,318	30,790	55,057	30,935	**37,393**
Total comprehensive income for the year	136,393	156,579	233,575	300,301	**481,456**
Earnings per share (RMB cents)					
Basic	N/A	N/A	19.8	33.7	**41.7**
Diluted	N/A	N/A	19.8	33.6	**41.7**

Five-Year Financial Summary

CONSOLIDATED ASSETS, EQUITY AND LIABILITIES

	As at 31 December				
	2017 RMB'000	2018 RMB'000	2019 RMB'000	2020 RMB'000	**2021** **RMB'000**
Assets					
Non-current assets	99,666	115,443	589,233	595,740	**559,117**
Current assets	898,610	1,265,330	1,962,630	4,334,214	**4,513,019**
Total assets	998,276	1,380,773	2,551,863	4,929,954	**5,072,136**
Equity and liabilities					
Total equity	214,238	362,787	455,875	3,256,286	**3,466,432**
Non-current liabilities	13,759	16,083	221,521	430,678	**132,225**
Current liabilities	770,279	1,001,903	1,874,467	1,242,990	**1,473,479**
Total liabilities	784,038	1,017,986	2,095,988	1,673,668	**1,605,704**
Total equity and liabilities	998,276	1,380,773	2,551,863	4,929,954	**5,072,136**