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

2022 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. Jia Jie *(Appointed on 6 January 2023)*
Mr. Cheung Kai Cheong Willie *(Appointed on 22 June 2022)*
Mr. Lv Li *(Appointed on 22 June 2022 and resigned on 6 January 2023)*
Mr. Li Yijun *(Resigned on 22 June 2022)*
Ms. Chan Tsz Yu *(Resigned on 22 June 2022)*

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

Mr. Li Xiaoping
Mr. Cheung Kai Cheong Willie

LEGAL ADVISORS

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COMPLIANCE ADVISOR

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Corporate Information

AUDITORS

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PRINCIPAL BANKS

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Guangdong Province

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Futian District, Shenzhen
Guangdong Province

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Futian District, Shenzhen

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STOCK CODE

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Chairman's Statement

2022 was a particularly challenging year for China and the world, for every industry and every company. During the year, we experienced the triple pressure of the most severe impact of the pandemic in China, the economic depression, and the downward trend in the real estate sector. Under such background, the Company's operating conditions were also affected to a certain extent, resulting in our overall results for 2022 falling short of expectations. On behalf of the Company, I hereby would like to express my sincere apologies to all shareholders of the Company.

Despite the impact of a number of external environmental factors, the Company's overall operating conditions have shown strong resilience. The fundamentals have remained sound. Revenue and gross profit of the basic property continued to maintain relatively positive growth. We also maintained good performance in the industry in terms of the gross profit margin of the basic property service sector and the management and sales fees. Operating cash flow to net profit ratio was maintained at a healthy level. Objectively, we were affected by the pandemic and the economic environment, and some businesses were under pressure and phased impact. The non-property owner value-added business was more affected by the downward trend in the real estate sector.

In 2022, the Company continued to maintain its advantages in the third-party independent commercial property sector thanks to our core capabilities and advantages, including strong independent market expansion capability, professional capability in integrated commercial property service operation, high-end commercial service characteristics, brand reputation, quality customer resources, excellent management team and key talent.

In 2022, we undertook challenges, strived for internal and external improvements, and strengthened our medium- and long-term business growth. We continued to maintain strong momentum in the expansion of our main business, achieved outstanding performance in the cooperation with strategic customers in various industries, facilitated the deployment and breakthrough of new businesses through M&A and joint venture. Internally, we focused on building our capacity and commenced in-depth strategic talent cultivation and reserve. The Company also continued to explore the application and practice of digitalisation in management and business operation, and enhanced its business empowerment through COE to continuously enhance its core competitiveness and strengthen its medium- and long-term business growth.

The Board resolved to maintain a high dividend payout ratio with a final dividend payout ratio of 70% for 2022 to create a stable and predictable returns for all shareholders of the Company with the dividend payout ratio ahead of the industry. It is also to express our sincere gratitude to investors for their unwavering support despite the double impact brought by the pandemic and the economic downturn.

In 2023, we will continue to adhere to the strategic directions of "three major constructions (team building, competence building and business building) and two drivers (value distribution and culture management)", and exerted continuous efforts in developing our three main businesses (FM/PM/residential) and three extended businesses (value-added services/M&A/new business development).

In terms of the main business development, we will continue to insist on in-depth development of strategic customers in order to further leverage the development of other main businesses through strategic customers. While strengthening the infrastructure of the main business, we will continue to focus on talent development and digital transformation, accelerate the integration of value-added business products into the basic business to enhance the overall profits, swiftly build up the capacity of 1-2 new businesses and accelerate the expansion of business scale through M&A, as well as build the second growth curve for the Company's business development.

In response to the next challenges, we will continue to improve corporate governance, promote business reform and achieve the goal of costs reduction and efficiency enhancement in business management. The direction of business reform will focus on the business nature and improve the overall business operation efficiency through digital transformation, while carrying out organisational reform based on the development goals of the Company in order to integrate resources to further improve the organisational efficiency, and finally achieve flat management.

Looking ahead, Excellence Commercial Property & Facilities Management Group Limited ("**Excellence CM**") will continue to adhere to customer-oriented approach, optimise corporate governance structure, deepen digital transformation, and continue to focus on value creation in an attempt to overcome the uncertainties brought by the external environment and maintain steady growth of the Company's performance.

2022 has become history. The Company's business has shown good growth momentum from the beginning of 2023. We expect to see a satisfactory recovery in the Company's performance, and the management is confident that we will deliver outstanding performance through our unremitting efforts in the new year.

Li Xiaoping
Chairman

Hong Kong, 27 March 2023

I. BUSINESS OVERVIEW

PRINCIPAL ACTIVITIES OF THE COMPANY DURING THE YEAR ENDED 31 DECEMBER 2022 ("THE REPORTING PERIOD")

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

Excellence CM is a leading commercial real estate service operator in China, which is dedicated to the provision of full-life cycle asset maintenance and full-chain service solutions for customers to fulfil customers' comprehensive value expectations and assist enterprises in achieving business visions.

In 2022, while the macro environment and the pandemic development kept changing, which exerted different degrees of impact on the economic development of various industries, bringing both opportunities and challenges. Excellence CM adhered to its business philosophy of steady development amid opportunities and challenges, focusing on and carrying out in-depth development in quality commercial property segment. The Company continued to make efforts in offices and commercial complexes, corporate buildings and R&D parks, and other main businesses achieving steady growth in business scale. At the same time, the Company explored diversified businesses of new racetracks in healthcare, education, government public infrastructure and urban services to establish a differentiated competitive barrier.

During the Reporting Period, the Group's main businesses included basic property management services, value-added services, and other businesses.

1. Basic Property Management Services

The Company's basic property management services are provided to various types of businesses, including commercial properties, public and industrial properties and residential properties.

1) Commercial Property Management Services

With its management experience accumulated over two decades, the Company has focused on the development of commercial properties as its main business activities, and has formed a complete commercial property service model.

- PM Commercial Office Services

  The Company serves a large number of CBD landmark office buildings and high-tech enterprises. With the international quality benchmark services, the Company has won the recognition of a number of renowned corporate customers and become the industry's leading brand in high-end business services. The scope of services covers comprehensive businesses such as preliminary consultation, marketing management, asset leasing and sales agency services, facility management, smart platform construction, space management, basic property and business management.

  In 2022, "Shenzhen Excellence Century Centre" and "CES Building", projects under management of Excellence CM, were awarded the "Service Office Benchmark Projects in the Greater Bay Area 2022".

- FM Comprehensive Facility Management Services

  The Company mainly provides comprehensive facility management solutions for industrial and commercial customers in the fields of high-tech, Internet, finance, industrial manufacturing and warehousing and logistics parks. The customers we serve are mainly Fortune 500 companies and high-tech enterprises.

  We provide a customised model of comprehensive facility management for enterprises and customise strategic long-term planning. The Company applies IoT, big data, AI and other advanced technologies to create an E+ smart two-pronged platform. Leveraging on digital operation management technology, the Company establishes solutions for the full-life cycle of facilities such as operation and maintenance management, project management, space management, energy consumption management, environmental management, security management and integrated services to enhance project management efficiency, thereby creating maximum value for corporate customers.

  Signature projects: Sky City of DJI, Dongguan OPPO Headquarters, Huawei Suzhou Research Institute

2) *Public and Industrial Property Services*

The Company has established an integrated market-oriented organisation framework, and developed government public infrastructures, urban services businesses, and other functional bodies following the marketisation of education and healthcare by multiple channels, so as to open up new tracks to boost growth and shape competitiveness.

We provide a full range of operational services in the public sector. In addition to basic property services, the Company also offers special services for different public projects. We continue to enhance our business capabilities in the areas of government and public property services through professionalism, internationalisation, innovation and technology.

Signature projects: Guangzhou Metro Yuzhu Depot (廣州地鐵魚珠車輛段) and Suichang Rehabilitation Hospital (遂昌康復醫院)

3) *Residential Property Services*

Relying on over two decades of real estate development experience, Excellence Real Estate Group Limited ("**Excellence Group**") has developed a model of high-end residential property services in many cities across China, including pre-intervention and takeover acceptance, owner occupancy management, decoration management, customer management, environmental management, equipment and facilities maintenance, fire management and other systematic services. The Company spearheaded to introduce international service standards and launched "Five-heart" excellent butler (五心"悦"管家) services and "4INS Good Life" (4INS美好生活) services to reshape the physical space, cultural space and digital space of the community regarding the customers' satisfaction as the origin and centre. We provide individuals and families with safe, convenient, comfortable and joyful living experience.

2. *Value-added Services*

The Company has continued to provide customers with personalised, customised and digitalised value-added service innovation, explored the multi-dimensional needs of customers, and realised the change from a single service to diversified services, with development focuses on assets services, Zhuopin business services, construction and mechanical and electrical services, and other types of professional value-added services.

1) *Asset Services*

The Company provides preliminary property consulting services, and offers reasonable suggestions at different stages from project planning and design, construction management and acceptance handover to meet customer expectations regarding the use of functions, improve post-property operation efficiency and avoid operational risks. Meanwhile, we provide 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) *Zhuopin Business Services*

"Zhuopin Business", a high-end service brand of Excellence CM, integrates "Internet+", "self-built supply chain" and "concierge high-end services" capabilities to provide one-stop business office supporting services for high-tech and Fortune 500 companies with the B to B for C model, including high-end business services, corporate value-added services, enterprise digital empowerment and other various solutions.

3) *Construction and Mechanical and Electrical Services*

Cooperating with its subsidiary, Shenzhen Shenghengda Electrical Equipment Co., Ltd. ("**Shenghengda Electrical Equipment**"), 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 development.

3. *Joint Venture and Mergers and Acquisitions ("M&A")*

The Company positions and focuses on the advantageous economic zones and actively promotes the implementation of joint venture and M&A strategy by interpreting policies. We actively review and enhance our existing development by promoting our presence in first-tier and emerging first-tier cities and tapping into various arenas to help drive market development, thereby improving the competitive industry chain and building our competitive advantages in the industry.

The Company is currently joining hands with Henan Huangjin, Shenzhen Xingyi and Beijing Global to share resources and achieve win-win cooperation for sustainable development.

(II) Performance Overview

In 2022, the Company upheld a stable business policy and strengthened medium- and long-term business growth. The main business of third-party development projects achieved strong growth, with in-depth development of strategic customers in various industries to continue to maintain advantages in commercial property sector. The joint venture and M&A segment facilitated the deployment and breakthrough of new businesses, driving a steady growth of the Company's overall business scale.

Of the Company's total revenue by business type during the year ended 31 December 2022, commercial properties, public and industrial properties, residential properties, value-added services and other services accounted for 61.4%, 6.0%, 12.4%, 19.0% and 1.2%, respectively.

During the year ended 31 December 2022, the Company's operating income reached RMB3,527.40 million with a year-on-year growth of 1.7%, of which the basic property service income from third parties accounted for 57.9% and posted a gross profit of RMB844.35 million, down by 12.0% as compared with the corresponding period in 2021; and the comprehensive gross profit margin was 23.9%, representing a decrease of 3.8 percentage points as compared with the corresponding period in 2021. Net profit attributable to the parent company amounted to RMB403.49 million, down by 20.9% year-on-year; and net profit margin was 12.1%, down by 3.7 percentage points as compared with the corresponding period in 2021. Excluding the non-property owner value added services, core net profit attributable to the parent company increased by 17.4% as compared with the same period of last year.

If exclude the impact of Zhejiang Gangwan Property Services Co., Ltd. and Wuhan Yuyang Property Management Co., Ltd., which were sold at the end of 2021, the revenue of the Company for the year ended 31 December 2022 was increased by 18.1% as compared with the corresponding period, and the core net profit attributable to parent shareholders of the Company was decreased by 15.7% as compared with the corresponding period of last year.

1. *Continuous Growth in Business Scale*

Focusing on the "1+1+X" strategy, the Company has developed two core advantageous regions of the Greater Bay Area and the Yangtze River Delta Region, and has focused on the development in first-tier, emerging first-tier and other high-value cities, achieving balanced development in key regions nationwide.

For the year ended 31 December 2022, our contracted gross floor area ("**GFA**") was approximately 70 million sq.m., representing an increase of approximately 23% over the corresponding period in 2021, with 661 contracted projects. For the year ended 31 December 2022, the GFA under management amounted to approximately 53.8 million sq.m., representing an increase of approximately 30% as compared with the corresponding period in 2021 with 587 projects under management.

The following table sets forth the changes in GFA under management for the years ended 31 December 2021 and 2022, respectively.

	2022	2021
	sq.m.'000	sq.m.'000
At the beginning of the Reporting Period	**36,635**	32,018
New engagements	**17,066**	11,091
New acquisitions	**4,505**	–
Terminations	**(4,446)**	(1,490)
Disposal	**–**	(4,984)
At the end of the Reporting Period	**53,760**	36,635

Our business has expanded from Shenzhen to 53 cities in China during the year ended 31 December 2022. Among which, the first-tier and emerging first-tier cities located in China's most economically developed regions accounted for 82% of the GFA under management.

The following table sets out the total GFA under management and a breakdown of the total revenue from property management services by geographical area for the years ended 31 December 2021 and 2022, respectively.

	2022				2021			
	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]	23,378	43.5	1,616,597	57.4	17,771	43.1	1,464,363	55.7
Yangtze River Delta Region[2]	10,591	19.7	391,693	13.9	9,392	22.8	580,754	22.1
Other Region[3]	19,790	36.8	806,503	28.7	14,040	34.1	585,635	22.3
Total	53,760	100.0	2,814,793	100.0	41,203	100.0	2,630,752	100.0

Notes:

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

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

(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 and Jinjiang; and (ii) projects in India.

2. *Overall Stable Operations*

In 2022, we maintained good performance in the industry in terms of the gross profit margin of the basic property service sector and the management and sales fees.

The breakdown of the gross profit margin of the Group for the years ended 31 December 2021 and 2022 is as follows:

	2022 %	2021 %
Gross profit margin		
Commercial properties	23.1	25.5
Public and industrial properties	11.0	13.8
Residential properties	15.9	17.0
Total	21.1	22.9

3. *Strong Growth Momentum in Third-Party Business Development*

Commercial property management is our core business. In 2022, we continued our efforts in the commercial property segment, strengthening our leading position in high-end commercial services. For the year ended 31 December 2022, the revenue from commercial property services increased by 10.5% as compared to the same period in 2021.

The Company continues to maintain the advantage of the business commercial segment, achieving a strong growth in the third-party business development. Through deep cultivation of strategic customers in multiple industries, we have secured a wide range of customer groups in terms of scale and scope and demonstrated a positive growth trend coupled with stable growth in business scale with respect to the business development of unicorn customers such as high-tech Internet and smart vehicles.

For the year ended 31 December 2022, the revenue from commercial property developed from third-party markets increased by 13.5% as compared to the same period in 2021.

In public and industrial properties, the Company developed a number of new government public construction projects in 2022, and made significant achievements in transportation hubs and government offices. During the year ended 31 December 2022, revenue from public and industrial properties decreased by 39.5% as compared to the same period in 2021 due to the disposal of two subsidiaries Zhejiang Gangwan Property Services Co., Ltd. and Wuhan Yuyang Property Management Co., Ltd..

In the residential properties, we mainly provide a number of urban high-end development projects under the Excellence Group with services. During the year ended 31 December 2022, revenue from residential properties increased by 36.7% as compared to the same period in 2021.

	For the year ended 31 December 2022				For the year ended 31 December 2021			
	GFA under management		Revenue		GFA under management		Revenue	
	(sq.m.'000)	(%)	(RMB'000)	(%)	(sq.m.'000)	(%)	(RMB'000)	(%)
Commercial properties	24,479	45.5	2,166,727	77.0	17,932	43.5	1,961,514	74.6
– Excellence Group	2,906	5.4	756,307	26.9	2,906	7.1	718,459	27.3
– Third-party property developers	21,573	40.1	1,410,420	50.1	15,026	36.4	1,243,055	47.3
Public and industrial properties	10,200	19.0	212,114	7.5	9,248	22.5	350,351	13.3
Residential properties	19,081	35.5	435,952	15.5	14,023	34.0	318,887	12.1
Total	53,760	100.0	2,814,793	100.0	41,203	100.0	2,630,752	100.0

4. *Organic Growth of Strategic Customer Business*

Through the strategic deployment of the strategic customer business department and the solution and implementation centre, the Company is able to smoothly promote the organic development of strategic customers. Through the cooperation with strategic customers, the Company has strengthened operational quality and set up benchmark projects to continuously expand the market share and enhance the brand effect.

For the year ended 31 December 2022, we secured 28 contracts with newly acquired strategic customers, with a total contract value from the newly acquired strategic customers of RMB996.5 million and a year-on-year annualised contract value of RMB247.8 million, accounting for 52.6% of the total contract value.

In 2022, with respect to the strategic cooperation with a domestic Internet giant, our urban expansion covered 2 headquarters-level projects and 10 regional-level projects of global headquarters, achieving "doubled growth" in business scale and revenue, with contracted project growth rate of 125%, contracted GFA growth of 575% and annualized contract value growth of 373% year-on-year.

By actively seeking cooperation opportunities with strategic customers and focusing on service quality, our brand value and industry reputation have been increasingly recognised. With the "strong focus and widespread coverage" characteristics of strategic customers coupled with our competitive advantages in high-end commercial properties, we have deepened our cooperative relationship with strategic customers and further increased our market share.

ANALYSIS OF THE CORE COMPETENCE

(I) High-quality Brand Image

The Group serves various corporates from Fortune 500, including many reputed high-tech enterprises, internet enterprises, and financial enterprises. With leading comprehensive strength and service quality ahead of the industry, the Group was ranked 13th in the "2022 Top 100 Property Management Companies in China", and named "2022 China Office Property Management Exceptional Companies", "2022 China Leading Property Management Companies in terms of Characteristic Service – FM Business" and "China Property Service Outstanding Enterprise in terms of ESG Development in 2022" by China Index Academy; named "Top 100 Property Service Companies in 2022", "China Leading Enterprise in terms of Office Property Services in 2022" and "Leading Enterprise in Property Services for Industrial Parks in China in 2022" by CRIC and CPMRI.

(II) Comprehensive Service Standards

With years of successful experience in high-end commercial property services, the Company has formed a comprehensive commercial property service operation model and has successively passed a number of management system certifications, including ISO 9001 quality management system, ISO 14001 environmental management system, ISO 45001 occupational health and safety management system, and ISO 50001 energy management system. The standard operation procedures, comprehensive management system and profound management technology provide strong support and guarantee for the daily operation of projects and new projects.

The Company continues to introduce advanced service concepts and keep abreast with international standards. We have become a platinum member of the Building Owners and Managers Association International (BOMA), a member of the International Facility Management Association (IFMA) and a member of the Royal Institution of Chartered Surveyors (RICS).

(III) Strategic Talent Cultivation and Development

While maintaining stable business operations, the Group has commenced in-depth strategic talent cultivation and reserve for the future, so as to continue to build up its core competitiveness in the medium to long term.

The Company will select, train and retain key talents based on its future development strategy, and create an employee quality model based on different types of customers. We select and cultivate talent at different levels according to their capabilities.

We regard our management trainees as strong power in the new generation. Through the selection mechanism of potential talent and outstanding talent, we further accelerate the selection and cultivation of middle-level personnel. We also integrate the growth of senior talent with project development through the Excellent Talent Scheme. Through the COE forum, the Company also realises full-coverage business empowerment, integrating personnel development, personal leadership and corporate vitality, in order to form a strong synergy of talent and business development within the enterprise and fully support rapid business development.

(IV) Continuous Digital Innovation

The Company is committed to building its core competitiveness based on science and technology, promoting efficiency through technological innovation, and continuously optimising the application and practice of digitalisation in the business and financial management and information sharing platform.

The Company uses the management platform of “integrating industry and finance” to establish a financial sharing services center and conduct one-stop digitalised management of all financial and business procedures. Through the digital system that connects the whole business procedures, business data can be collected and timely analysed to generate statistical reports so as to quickly support business analysis and decision-making, and improve the risk control capability throughout the full-life cycle of projects.

The Company has developed a knowledge management platform called “Think Tank” to realise centralised management and real-time sharing of professional knowledge, project experience, classic cases and other knowledge, improve knowledge collaboration, and achieve the inheritance and sharing of business management experience through the knowledge platform, in a drive to help improve the professional capabilities of our team.

Relying on the two-pronged platform of Zhuopin and E+FM, we drive the continuous improvement of user experience by “professional services + service integration capability”. E+FM utilises “twin digital construction” and IOT technology to achieve “costs reduction and efficiency enhancement” of smart community and smart city services. At the same time, Zhuopin platform provides sustainable value enhancement for customers with innovative services based on the diversified needs of users and creates a win-win commercial space.

OUTLOOK

(I) Strategic Planning

Looking ahead, the Group will continue to focus on the vision of being “A leading commercial real estate service operator in China”, adhere to the strategic direction of “three major constructions and two drivers”, solidify its foundation through “team building, business building and competence building”, and support growth with its two main drivers of “value distribution and culture management” to facilitate business development, aiming to exert continuous efforts in developing our three main businesses and three extended businesses.

(II) Business Development Strategy

By adhering to our long-term strategic planning, the business development of the Company will uphold the principle of maintaining a steady and stable business growth.

In 2023, the Company will develop its business in two directions: "focus on growth, reduce costs and enhance efficiency". Leveraging on talent development and digital transformation, the Company aims to achieve sustainable and steady business growth in the medium to long term.

1. Focus on Growth

During the economic downturn, we will focus on the Group's strategic development objectives in the medium to long term and make full use of internal and external resources to enable co-prosperity and joint development of the three main businesses and the three extended businesses, thereby creating a stable moat.

1) Main business development

In 2023, the Company will continue to adhere to the in-depth development of strategic customers in order to further leverage the development of other main businesses through strategic customers.

By sorting out key issues and responsibilities, we will further release the development momentum of our strategic customer business department, understand, respond to and cater to customer needs in a timely manner, keep abreast with the strategic development direction of customers, and continue to create value for customers through the full life cycle management of customers.

Through the above measures, we will be able to form stable relationships with strategic customers, and commence in-depth development with the business volume of strategic customers, and then make use of the brand effect to facilitate business expansion and expand the market share.

2) Extended business development

The Company insists on its strategy of pursuing joint development through multiple business momentum and continues to exert persistent efforts in new tracks through joint venture and M&A, focusing on advantageous targets in first-tier and emerging first-tier cities to rapidly build up capabilities and expand business volume. At the same time, we will expand asset management through equity cooperation, and develop the parking space agency and sales business.

3) Value-added business development

In 2023, we will focus on creating professional and value-added service products. By centering around high-frequency needs to quickly reach users, we aim to create value-added service products that focus on the ecology of the owner's life circle. At the same time, we will provide one-stop services with high-end commercial services as the cornerstone to pay attention to value-added service products led by the administrative needs of enterprises so as to enhance overall profits.

Last but not least, through the incentive mechanism of cross-regional sales synergy, we can lead the regions to complement each other's advantages, share benefits and grow together to drive the benign development of business.

2. *Reduce Costs and Enhance Efficiency*

The Company will continue to improve governance and promote business reform to achieve the goal of reducing costs and increasing efficiency in overall business management. We will focus on our business nature, uphold the "principle of business integration and competence specialisation", keep abreast with the needs of business development, and carry out reform in an orderly manner.

1) *Enhance business efficiency*

Through digital transformation, the Company will unify its value-added service platform externally to provide better customer experience and drive online consumption; internally, the Company will create a whole-process management mechanism based on each "project" to achieve transparency and visualisation of project management, drive self-cycle management, and improve overall operation level and operational efficiency. In this regard, the Company will also open up the main data system platform to improve data accuracy, position business nature more precisely, and facilitate business analysis, prediction, simulation and precise decision-making.

2) *Enhance organisational efficiency*

The Company will continue to focus on strategic talent cultivation and development, while adding an exclusive strategy of "Talent Plan" to swiftly consolidate talent resources based on business needs.

And then, we will focus on the Group's strategic objectives through organisational deployment, carry out business integration, function integration and capability strengthening, so as to further enhance the Company's human resource efficiency and organisational effectiveness, thus realising flat management.

Looking ahead, Excellence CM will continue to adhere to customer-oriented approach, optimise corporate governance structure, deepen digital transformation, and continue to focus on value creation in an attempt to overcome the uncertainties brought by the external environment and maintain steady growth of the Company's performance.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2022, the revenue of the Group amounted to RMB3,527.40 million (the corresponding period in 2021: RMB3,467.07 million), representing an increase of 1.7% as compared with the corresponding period 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					
	2022		2021		Change	
	(RMB'000)	**Amount (%)**	(RMB'000)	Amount (%)	(RMB'000)	Amount (%)
Revenue						
Basic property management services	**2,814,793**	**79.8**	2,630,752	75.9	184,041	7.0
Value-added services	**668,710**	**19.0**	780,520	22.5	(111,810)	(14.3)
Other businesses	**43,893**	**1.2**	55,794	1.6	(11,901)	(21.3)
Total revenue	**3,527,396**	**100.0**	3,467,066	100.0	60,330	1.7

During the Reporting Period, the total revenue was RMB3,527.40 million (2021: RMB3,467.07 million), representing an increase of 1.7% as compared with the same period of last year. The main reasons affecting the revenue in 2022 were: (i) PM commercial complex projects are affected by the pandemic in stages, and revenue from parking and central air-conditioning decreased by RMB41.06 million compared with the same period last year; (ii) value-added services for non-proprietors are affected by the pandemic and real estate sales affected by factors such as progress slowdown, the revenue from sales center property management services and first-hand real estate brokerage business decreased by RMB136.43 million compared with the same period last year.

Basic Property Management Services

During the Reporting Period, the revenue from basic property management services was RMB2,814.79 million (2021: RMB2,630.75 million), representing an increase of 7.0% as compared with the same period of last year.

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 2022/ As of 31 December 2022				For the year ended 31 December 2021/ As of 31 December 2021			
	GFA under management		Revenue		GFA under management		Revenue	
	(sq.m.'000)	(%)	(RMB'000)	(%)	(sq.m.'000)	(%)	(RMB'000)	(%)
Commercial properties	24,479	45.5	2,166,727	77.0	17,932	43.5	1,961,514	74.6
Public and industrial properties	10,200	19.0	212,114	7.5	9,248	22.5	350,351	13.3
Residential properties	19,081	35.5	435,952	15.5	14,023	34.0	318,887	12.1
Total	53,760	100.0	2,814,793	100.0	41,203	100.0	2,630,752	100.0

For the year ended 31 December 2022, the Group's GFA under management was 53.76 million sq.m., representing an increase of 30.5% from 41.20 million sq.m. as at the same period of 2021. Commercial properties accounted for 45.5% (or 24.48 million sq.m.), public and industrial properties accounted for 19.0% (or 10.20 million sq.m.), and residential properties accounted for 35.5% (or 19.08 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 2.11 million sq.m. during the Reporting Period; and (ii) projects developed by third-party property developers with an additional GFA under management of 10.45 million sq.m.

Coverage of the GFA under Management

The Group operated its businesses in two major regions (the Greater Bay Area and the Yangtze River Delta Region) and other cities with high potential. As of 31 December 2022, projects under management of the Group covering 53 cities across China. By region, 43.5% of the GFA under management was located in the Guangdong-Hong Kong-Macao Greater Bay Area, 19.7% was located in the Yangtze River Delta urban agglomeration, and 36.8% was located in other regions.

Value-added Services

During the Reporting Period, the revenue from value-added services decreased by 14.3% to RMB668.71 million from RMB780.52 million in the corresponding period of 2021, accounting for approximately 19.0% (for the year ended 31 December 2021: 22.5%) of the total revenue.

The decrease in revenue from value-added services was mainly attributable to a decrease of RMB136.43 million in revenue from sales center property management services and first-hand real estate brokerage services compared to the same period last year due to the downturn in the real estate economy.

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 decreased to RMB43.89 million from RMB55.79 million in the corresponding period of 2021, mainly attributable to the decrease in revenue from financial services and apartment leasing services compared with corresponding period of last year due to the impact of the pandemic.

Cost of Sales

The Group's cost of sales mainly consisted 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 RMB2,683.05 million (2021: RMB2,507.44 million), representing an increase of 7.0% in 2021, which was primarily due to an increase in staff costs, utility costs, depreciation and amortization.

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			
	2022		2021	
	Gross profit (RMB'000)	Gross profit margin (%)	Gross profit (RMB'000)	Gross profit margin (%)
Basic Property Management Services	593,219	21.1	602,200	22.9
Value-added Services	221,285	33.1	323,581	41.5
Other Businesses	29,842	68.0	33,846	60.7
Total	844,346	23.9	959,627	27.7

During the Reporting Period, the Group's gross profit was RMB844.35 million, representing a decrease of 12.0% from RMB959.63 million in 2021. The gross profit margin decreased to 23.9% from 27.7% for the corresponding period in 2021, which decreased 3.8 percentage points and still maintained good level in the industry.

The gross profit margin of basic property management services was 21.1% (2021: 22.9%), representing a decrease of 1.8 percentage points from last year, mainly due to: (i) the phased impact of the pandemic, the gross profit of parking lots and central air conditioners in PM commercial projects has decreased, which will be basically eliminated by 2023; and (ii) the proportion of third-party property services has increased, and the market-oriented gross profit rate is objectively lower than that of Excellence CM owned high-end commercial projects.

The gross profit margin of value-added services was 33.1% (2021: 41.5%), representing a decrease of 8.4 percentage points from last year, mainly attributable to the decline in gross profit margin of sales center property management services and first-hand real estate broker services as a result of the downturn in the real estate economic environment.

The gross profit margin of other businesses was 68.0% (2021: 60.7%), representing an increase of 7.3 percentage points from last year.

Other Revenue

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

During the Reporting Period, other revenue was RMB66.74 million (2021: RMB45.52 million), representing an increase of 46.6% from last year, mainly attributable to the increase of interest income from bank deposit.

Other Net Gain

The Group's other net gain mainly consisted of gains on exchange, gain on previously held interest in a joint venture upon taken, gain or loss on conversion of the equity method to the cost method, gain on wealth management investments and gain on disposal of assets.

During the Reporting Period, other net gain increased to RMB11.15 million (2021: RMB7.35 million), which was mainly due to increase of net foreign exchange gain during the Reporting Period.

Impairment losses on Receivables, Contract Assets and Financial Guarantee Issued

During the Reporting Period, impairment losses on receivables, contract assets and financial guarantee issued were RMB84.18 million (2021: RMB12.90 million), an increase of RMB71.28 million compared with last year, mainly due to (i) the Company's reconciliation of trade receivable on the books and other receivables have undergone strict impairment tests, and reasonable impairments have been made. The impairment loss of accounts receivable and other receivables increased by RMB27.65 million compared with the same period last year and (ii) during the Reporting Period, the Company accrued a credit impairment loss of RMB47.77 million for Beijing Global's financial guarantee issued.

Selling and Marketing Expenses

During the Reporting Period, the selling and marketing expenses amounted to RMB28.94 million (2021: RMB18.64 million), representing an increase of 55.3% from last year, which was mainly due to the increase in development staff costs for searching better business targets, as well as the increase in expenses for business development.

Administrative Expenses

During the Reporting Period, administrative expenses amounted to RMB174.14 million (2021: RMB203.35 million), representing a decrease of 14.4% from last year, which was mainly due to staff costs decreased by RMB40.32 million compared with the same period last year.

Finance Costs

During the Reporting Period, finance costs amounted to RMB9.14 million (2021: RMB20.71 million), representing a decrease of 55.9% from last year, which was mainly due to the repayment of bank loans and other borrowings during the Reporting Period, resulting in a decrease in interest on borrowings compared with the same period last year.

Share of Profits of Joint Ventures

During the Reporting Period, the share of profits of joint ventures amounted to RMB0.82 million (2021: RMB7.45 million), which was mainly due to the fact that the Group has acquired the controlling interest of Henan Huangjin in January 2022, and Henan Huangjin has become a subsidiary of the Group instead of a joint venture.

Share of Profits of Associates

During the Reporting Period, the share of profits of associates amounted to RMB1.52 million (2021: RMB1.39 million), representing an increase of 9.4% from last year.

Income Tax

During the Reporting Period, income tax was RMB173.57 million (2021: RMB218.25 million), representing a decrease of 20.5% from last year, mainly due to the decrease in profit before tax during the Reporting Period as compared with last year.

Profit for the Reporting Period

During the Reporting Period, the Group's net profit amounted to RMB426.46 million (2021: RMB547.48 million), representing a decrease of 22.1% from last year.

During the Reporting Period, the profit attributable to shareholders of the Company amounted to RMB403.49 million (2021: RMB510.09 million), representing a decrease of 20.9% from last year.

During the Reporting Period, the net profit margin was 12.1% (2021: 15.8%).

Investment Properties

The Group's investment properties mainly included two apartment leasing projects (for long-term rental) in Shenzhen, which gained rental income from apartment operation and leasing. As of 31 December 2022, the Group's investment properties amounted to RMB101.50 million, representing a decrease of RMB10.99 million from RMB112.49 million as of 31 December 2021, which was mainly due to the depreciation and amortization during the Reporting Period.

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 2022, the Group's net book value of property, plant and equipment amounted to RMB53.75 million, representing an increase of RMB6.21 million from RMB47.54 million as of 31 December 2021, which was mainly due to the increase of office facilities and other fixed assets.

Intangible Assets

The Group's intangible assets mainly consisted of customer relationship and property management contracts arising from the acquisitions and software arisen from corporate mergers and acquisitions. The Group's intangible assets increased by RMB333.40 million from RMB34.06 million as of 31 December 2021 to RMB367.46 million as of 31 December 2022, which was primarily due to the Group's acquisitions of the equity of Henan Huangjin, Beijing Global and Shenzhen Xingyi during the Reporting Period.

Goodwill

The Group's cost of goodwill increased by RMB212.01 million from RMB41.44 million as of 31 December 2021 to RMB253.45 million as of 31 December 2022, which was primarily due to the Group's completion of acquisition projects including the equity of Henan Huangjin, Beijing Global and Shenzhen Xingyi during the Reporting Period.

The Group's goodwill was mainly related to the acquisitions of the equity interests in Wuhan Huanmao Property Management Co., Ltd., Beijing Global and Shenzhen Xingyi.

Given the significant changes in real estate and property management market environment, the Group decided to record appropriate impairment provisions on goodwill from Beijing Global and relevant projects. The annual impairment test of Beijing Global resulted in an impairment of RMB28.16 million (2021: Nil). After the provision for impairment on goodwill, the carrying amount of goodwill was RMB225.29 million as of 31 December 2022.

Financial Asset Measured at Fair Value through Profit or Loss

During the Reporting Period, the Group invested financial instruments measured at fair value through profit or loss, mainly due to the Group's acquisition of 15% equity in an unlisted company that engaged in carparks sales business with a third party, which consideration is RMB120.00 million at the end of year. The Group has neither significant influence nor control over investments and designates such investments as measured at fair value through profit or loss.

Trade and Other Receivables

Trade and other receivables mainly consisted of trade receivables and other receivables.

As of 31 December 2022, the Group's net trade and other receivables (including current and non-current receivables) amounted to approximately RMB1,314.15 million, representing an increase of approximately RMB179.18 million from approximately RMB1,134.97 million as of 31 December 2021, mainly due to the net trade receivables increased by approximately RMB417.49 million as compared with 31 December 2021, resulting from the customers of related real estate developer and some third party customers also face liquidity risks, which was partially offset by the decrease in the Group's net other receivables by approximately RMB290.34 million as compared with 31 December 2021, mainly due to the recovery of other receivables of RMB295 million arising from the sale of equity of Shenzhen Excellence Operation during the Reporting Period.

As of 28 February 2023, the Group's trade receivables of approximately RMB344.00 million was received.

Trade and Other Payables

As of 31 December 2022, the Group's trade and other payables (including current and non-current payables) amounted to RMB906.51 million, representing a decrease of RMB170.83 million from approximately RMB1,077.34 million as of 31 December 2021, mainly due to (i) the increase in the Group's total procurement volume resulted in an increase of trade payables of approximately RMB72.10 million as compared with 31 December 2021; and (ii) the disposal was terminated and the payment received in advance of RMB305.95 million was returned to the Shenzhen Zhuoyue Venture Capital Co., Ltd.

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 RMB13.41 million were recognised in current liabilities, and the lease liabilities payable over one year of RMB111.52 million were recognised in long-term lease liabilities.

Contract Liabilities

Our contract liabilities mainly represented prepayments from customers of the Group's commercial operation services and residential property management services. As of 31 December 2022, the Group's contract liabilities amounted to approximately RMB163.82 million, representing a decrease of RMB52.42 million from RMB216.24 million as of 31 December 2021.

Financial Guarantee Issued

As of 31 December 2022, the financial guarantee issued by the Group was RMB62.37 million (as of 31 December 2021: Nil), mainly due to the acquisition of Beijing Global, which resulted in a fair value of RMB14.60 million on the acquisition date and was recorded as part of the identifiable liabilities at the time of acquisition. The financial guarantee resulted in a further credit loss of RMB47.77 million on 31 December 2022.

Borrowings

As of 31 December 2022, the Group had no bank and other borrowings (31 December 2021: RMB75.00 million, which was unsecured and unguaranteed borrowings of Shenzhen Zhuotou Micro-Lending Co., Ltd. ("**Shenzhen Zhuotou**")).

Asset-liability Ratio

The asset-liability ratio was calculated as the total liabilities divided by total assets of the same date. As of 31 December 2022, the Group's asset-liability ratio was 28% (31 December 2021: 32%).

Pledged Assets

As of 31 December 2022, the Group did not pledge any assets (31 December 2021: Nil).

Contingent liabilities

On 9 November 2022, 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, has been served with a notice of arbitration issued by the Shanghai Arbitration Commission and the other relevant documents in relation to a dispute in respect of acquisition of 40% equity interest in a project company (the "**Project Company**") which is currently 60% held by a disposed subsidiary of the Group (the "**Disposed Subsidiary**"), involving the Disposed Subsidiary and Excellence Property Management, as the respondents, and the beneficial owners of the 40% equity interest in the Project Company, as the applicants.

The applicants alleged that the Disposed Subsidiary, as an agent of Excellence Property Management, failed to acquire all the 40% equity interest in the Project Company owned by the applicants and claimed against the Disposed Subsidiary and Excellence Property Management to:

(i) pay the applicants RMB20.8 million being damages for the breach of the agreement;

(ii) acquire all the equity interest in the Project Company owned by the applicants at a cash consideration calculated based on 40% of the audited net profit of the Project Company for the year ended 31 December 2020, multiplied by 12; and

(iii) other costs.

The Group has engaged legal advisors to advise on the arbitration. For further details, please refer to the announcement of the Company dated 7 December 2022. Up to the date of this annual report, no arbitral award was granted. The directors believed that Excellence Property Management should not be involved as a respondent under the arbitration and since the result of the arbitration cannot be estimated reliably as at the date of these financial statements, no provision in respect of the arbitration was recognised.

Liquidity, Reserves and Capital Structures

The Group maintained a good financial position during the Reporting Period. As of 31 December 2022, the Group's cash and equivalents amounted to RMB2,564.43 million, representing a decrease of RMB442.87 million from RMB3,007.30 million as of 31 December 2021, mainly due to the Group's external dividends payment and repayment of debts.

As of 31 December 2022, the Group's total equity was RMB3,589.30 million, representing an increase of RMB122.87 million or 3.5% from RMB3,466.43 million as of 31 December 2021, primarily due to the profit contribution realized during the Reporting Period.

Exchange Rate Risks

The main business of the Group is conducted in China, and our transactions are mainly denominated in Renminbi. As at 31 December 2022, 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 of the Group 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 on the Listing Date, 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 2022, the Company had utilized approximately HK$1,085.3 million of the Net Proceeds, representing approximately 32.3% of the Net Proceeds and the unutilised Net Proceeds amounted to approximately HK$2,274.2 million.

The business objectives and planned use of Net Proceeds as stated in the prospectus of the Company dated 7 October 2020 (the "**Prospectus**") were based on the Group's best estimation of future market conditions at the time of preparing the Prospectus. The actual use of Net Proceeds was based on the actual market development. As disclosed in the Company's announcement dated 29 December 2022, the supplemental announcement dated 10 March 2023 and the clarification announcement dated 10 April 2023 (the "**Change in Use of Proceeds from the Global Offering Announcements**"), having carefully considered the latest business environment and development needs of the Group, the Board had resolved to change the proposed use of the unutilised Net Proceeds. Please refer to the Change in Use of Proceeds from the Global Offering Announcements for details of the change in use of the Net Proceeds and the reasons thereof.

As at 31 December 2022, the Group's planned use and actual use of the Net Proceeds were as follows:

Major Categories	Specific Plans	% of actual Net Proceeds before re-allocation	Planned use of actual Net Proceeds before re-allocation (HK$ million)	% of actual Net Proceeds after re-allocation	Planned use of actual Net Proceeds after re-allocation (HK$ million)	Actual amount of proceeds utilized as at 31 December 2022 (HK$ million)	Amount of proceeds unutilized as at 31 December 2022 (HK$ million)	Actual amount of proceeds utilized during the year ended 31 December 2022 (HK$ million)
Business expansion	Strategically acquire or invest in interests in companies with operational scale or profitability prospect	70.00%	2,351.7	55.00%	1,853.8	522.4	1,331.4	337.1
	Acquire or invest in interests in third party service providers to provide specialized value-added services or to expand the Group's scope of services when opportunities arise							
	Acquire or invest in quality assets with revenue prospects to enhance the Group's profitability when opportunities arise							
Development of information technology system	Develop and optimise smart management information platform and provide other related support for the development and optimisation of smart management information platform; provide technology-enabled services to enhance customer experience and management efficiency	4.00%	134.3	3.00%	91.2	11.8	79.4	5.2
	Develop and optimise "O+" platform and provide other related support for the development and optimisation of "O+" platform. Achieve basic property services (property charges, parking fees, service orders, notices) and value-added services (shopping malls, food delivery, etc.) online	4.00%	134.3					
	Upgrade or introduce new business management systems to enhance internal control and improve management efficiency (e.g., improve automation, reduce error rates and provide timely analysis of operations and effective operational management); provide resources to support IT system upgrades	2.00%	67.2					
Facility upgrades for the properties under our management	Upgrade the facilities in some old residential properties under the Group's management to develop intelligent communities	5.00%	168.0	4.00%	131.1	17.0	114.1	10.1

Major Categories	Specific Plans	% of actual Net Proceeds before re-allocation	Planned use of actual Net Proceeds before re-allocation (HK$ million)	% of actual Net Proceeds after re-allocation	Planned use of actual Net Proceeds after re-allocation (HK$ million)	Actual amount of proceeds utilized as at 31 December 2022 (HK$ million)	Amount of proceeds unutilized as at 31 December 2022 (HK$ million)	Actual amount of proceeds utilized during the year ended 31 December 2022 (HK$ million)
Attracting and nurturing talent	Recruit and nurture professional talents strategically to provide the Group's customers with quality services and fully satisfy their needs, thereby enhancing customer satisfaction. The Company will also: (i) provide professional trainings to our employees at key positions and identify and train up our future team leaders; (ii) recruit key personnel (supervisory level and above) strategically to support our business growth; (iii) recruit new employees to improve the strategic talent pool and provide professional functional trainings to the new employees; and (iv) other expenses for providing talent support for the Group.	5.00%	168.0	18.00%	611.7	131.4	480.3	105.3
General corporate purposes	Working capital and general corporate purposes	10.00%	336.0	20.00%	671.7	402.7	269.0	66.7

Note: The estimated timeline for utilisation of the unutilised Net Proceeds after re-allocation is by the end of 31 December 2026.

Employees and Remuneration Policy

As at 31 December 2022, the Group had a total of 15,676 and 66 full-time employees (31 December 2021: 12,205 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.

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

On 15 May 2020, 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 (the "**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 of the Company held on 30 December 2021, the resolution on the aforesaid matters was officially approved by independent shareholders of the Company by poll.

On 19 January 2022, Shenzhen Zhuotou has submitted the materials regarding change of shareholder of Shenzhen Zhuotou to the Shenzhen Financial Supervision Bureau for verification and approval.

Given that the necessary approvals from the institution with supervisory functions in the microfinance industry in the PRC in respect of the share transfer agreement (the "**Share Transfer Agreement**") and the transactions contemplated thereunder were not obtained, on 29 December 2022 (after trading hours), with reference to the agreed term and after arm's length negotiations between Excellence Property Management and the Purchaser, both parties entered into a termination agreement (the "**Termination Agreement**"), whereby Excellence Property Management and the Purchaser agreed that Excellence Property Management shall pay, on a lump-sum basis, a total amount of RMB305,100,000 (the "**Refund**"), a sum equivalent to the consideration paid, to the Purchaser within 15 days from the date of the Termination Agreement free of any interest and terminate the Share Transfer Agreement. Shenzhen Zhuotou remains an indirect wholly-owned subsidiary of the Company upon the execution of the Termination Agreement. For further details, please refer to the announcement of the Company dated 29 December 2022.

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.

EVENTS AFTER THE REPORTING PERIOD

Mr. Lv Li has resigned as the Company's joint company secretary (the "**Joint Company Secretary**") due to personal reasons, effective from 6 January 2023. The Board appointed Mr. Jia Jie as the Joint Company Secretary on the same day. For details, please refer to the Company's announcement dated 6 January 2023.

Save as disclosed in this annual report, no other material events were undertaken by the Group after 31 December 2022 and up to the date of this annual report.

DIRECTORS

Executive Directors

Mr. Li Xiaoping (李曉平), aged 65, 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 a vice chairman of the board and 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, 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.

Ms. Guo Ying (郭瑩), aged 55, 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.

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 55, 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 46, 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.

Independent Non-executive Directors

Mr. Huang Mingxiang (黃明祥), aged 64, 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 of Hong Kong Limited (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 52, 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 supervising 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. Mr. Kam was also appointed as an independent non-executive director of LX Technology Group Limited (凌雄科技集團有限公司) (stock code: 2436) on 27 September 2022 and the company secretary of Xinji Shaxi Group Co., Ltd (信基沙溪集團股份有限公司) (stock code: 3603) on 11 March 2019, both of which are listed on the Main Board of the Stock Exchange.

Mr. Kam is a founding member of the Alliance of Inter-Continental Accountants and was registered as a registered tax agent and a licensed tax agent by the Taxation Institute of Hong Kong for the year of 2011 and 2020, respectively. 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 57, 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 Rules (the "**Listing Rules**") Governing the Listing of Securities on the Stock Exchange.

SENIOR MANAGEMENT

Mr. Yang Zhidong (楊志東), aged 48, 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 (systems applications and products in data processing) and he is one of the main principals of Manufacturing Resource Planning ("**MRP II**").

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. Jia Jie (賈傑), aged 39, has been appointed as the Chief Financial Officer of the Group since 30 December 2022, mainly responsible for the financial management of the Group. For details, please refer to the announcement of the Company dated 30 December 2022. Mr. Jia Jie was appointed as the Joint Company Secretary of the Company on 6 January 2023, and primarily responsible for investor relations and securities affairs management of our Group. For details, please refer to the announcement of the Company dated 6 January 2023.

Prior to joining our Group, Mr. Jia served as the chief financial officer of Redsun Services Group Limited (弘陽服務集團有限公司) (a company listed on the Stock Exchange (stock code: 1971)) from December 2019 to August 2022 and was primarily responsible for the finance function of the group. From November 2018 to December 2019, he served as the vice general manager of the finance management department of Hong Yang Group Company. From March 2018 to November 2018, Mr. Jia served as the financial controller of Redsun Properties Group Limited (弘陽地產集團有限公司) (a company listed on the Stock Exchange (stock code: 1996)). From July 2017 to March 2018, Mr. Jia served as the vice general manager of Hong Yang Group Company's finance management department of its property development division. Prior to joining Redsun Properties, from March 2014 to June 2017, Mr. Jia was the budget analysis officer of Xinyuan (China) Real Estate Co., Ltd. (鑫苑（中國）置業有限公司), and from September 2012 to February 2014, he served as the finance manager of Ningbo Longfor Real Estate Development Co., Ltd. (寧波龍湖置業有限公司). Mr. Jia was the vice finance manager from March 2010 to March 2012, and the finance manager from April 2012 to September 2012, of Taiyuan Wan Da Plaza Co., Ltd. (太原萬達廣場有限公司), a commercial property investment company. From September 2008 to March 2010, Mr. Jia worked as the consultant of KPMG China. He has over ten years of experience in the real estate and property investment industry.

Mr. Jia obtained a bachelor degree in finance from Dongbei University of Finance and Economics (東北財經大學) in the PRC in June 2005. He acquired a master degree in finance from the same university in December 2007. In July 2020, Mr. Jia acquired a master of business administration degree from Guanghua School of Management, Peking University (北京大學光華管理學院) in the PRC. Mr. Jia acquired an intermediate accountant license from Dalian Human Resources and Social Security Bureau in May 2008, and has been a registered member of The Chinese Institute of Certified Public Accountants since December 2009.

Ms. Zhang Yan (張燕), aged 41, 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.

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 2022 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 2022 are set out in the consolidated statements of profit or loss and other comprehensive income on pages 88 to 89 of the annual report.

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board recommend the payment of a final dividend of HK6.09 cents per share for the year ended 31 December 2022 (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 14 June 2023, and is expected to be paid on or around 11 July 2023 to the Shareholders whose names appear on the register of members of the Company on 26 June 2023.

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 9 June 2023 (Friday) to 14 June 2023 (Wednesday) (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 8 June 2023 (Thursday).

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 20 June 2023 (Tuesday) to 26 June 2023 (Monday) (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 19 June 2023 (Monday).

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.

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.

BUSINESS REVIEW

Business review in 2022 and discussion about future business development of the Group, the main risks and uncertain factors to be faced by the Group, as well as compliance with relevant laws and regulations material to 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 2022 based on key financial indicators is set forth in the Management Discussion and Analysis from page 6 to page 30 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 publish 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 175 to 176 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 27 to page 29 of the annual report.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

For the year ended 31 December 2022, the transaction amounts of the Group's top five customers accounted for 32.7% of the total income (2021: 31.2%), and the transaction amounts of the Group's single largest customer accounted for 18.1% of the total income (2021: 17.6%).

Major Suppliers

For the year ended 31 December 2022, the transaction amounts of the Group's top five suppliers accounted for 27.4% of the total purchases of the Group for the year ended 31 December 2022 (2021: 23.7%), and the transaction amounts of the Group's single largest supplier accounted for 7.3% of the total purchases (2021: 7.2%).

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.

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 2022 are set out in note 13 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 32 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 2022 are set out in the consolidated statements of changes in equity on pages 92 to 93 of the annual report.

RESERVES AVAILABLE FOR DISTRIBUTION

As at 31 December 2022, the Company's reserves available for distribution amounted to approximately RMB3,086,262,000 (2021: approximately RMB2,837,856,000).

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 addition, in accordance with article 84(1) of 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. Li Xiaoping, Ms. Guo Ying and Ms. Liu Xiaolan shall retire from office and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

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

DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company ("**Senior Management**") are set out on pages 31 to 36 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 2022.

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 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 2022, the Group had a total of 15,676 and 66 full-time employees (31 December 2020: 12,205 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 9 and note 10 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 7 to the consolidated financial statements.

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

As at 31 December 2022, 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 Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) ("**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	Long/Short Position
Mr. Li Xiaoping	Interest of spouse	118,120,000[(1)]	9.67%	Long position
	Beneficial owner	11,072,000[(2)]	0.91%	Long position
Ms. Guo Ying	Beneficial owner	875,000[(3)]	0.07%	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 in the form of 10,800,000 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 in the form of 800,000 share options of our Company which have been granted but have not yet been exercised as at the date of this annual report.

Save as disclosed above, as at 31 December 2022, 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 2022, 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	Long/Short Position
Mr. Li Wa[(1)]	Interest in a controlled corporation	721,801,000	59.04%	Long position
Oriental Rich Holdings Group Limited ("**Oriental Rich**")[(1)]	Interest in a controlled corporation	721,801,000	59.04%	Long position
Urban Hero Investments Limited ("**Urban Hero**")[(1)]	Beneficial owner	721,801,000	59.04%	Long position
Ms. Xiao Xingping	Interest in a controlled corporation	117,900,000[(2)]	9.66%	Long position
	Beneficial owner	220,000	0.01%	Long position
	Interest of spouse	11,072,000[(3)]	0.91%	Long position
Ever Rainbow Holdings Limited ("**Ever Rainbow**")[(2)]	Beneficial owner	117,900,000	9.80%	Long position
Mr. Li Yuan[(4)]	Interest in a controlled corporation	63,000,000	5.30%	Long position
Autumn Riches Limited ("**Autumn Riches**")[(4)]	Beneficial owner	63,000,000	5.30%	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 10,800,000 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.

Save as disclosed above, as at 31 December 2022, 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 7 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.

Vesting

Subject to the terms of Pre-IPO Share Option Scheme, the options granted should be subject to the following vesting conditions:

(i) (a) the earnings attributable to our Shareholders as shown in the audited consolidated financial statements of our Group for the relevant financial year(s) represent an increase of 30% or more as compared to the immediately preceding financial year (as adjusted by excluding non-recurring gains and losses, listing expenses and share-based compensation expenses in relation to the Pre-IPO Share Option Scheme); and (b) the relevant grantee (the "**Grantee**") has achieved the annual performance appraisal target set by our Group for the relevant financial year;

(ii) the options granted to the Grantees will be vested in the Grantee based on the following rates provided that the conditions in paragraph (i) above are satisfied in the relevant financial year:

- one third of the total number of the share options will be vested after the date of publication of the annual report of the Company for the year ended December 31, 2021;

- one third of the total number of the share options will be vested after the date of publication of the annual report of the Company for the year ended December 31, 2022; and

- one third of the total number of the share options will be vested after the date of publication of the annual report of the Company for the year ended December 31, 2023.

(iii) if the vesting conditions in paragraph (i) above have not been fulfilled during the relevant financial year, the corresponding percentage of the share options granted will lapse;

(iv) subject to the compliance with the terms of the Pre-IPO Share Option Scheme, in respect of exercising of options, the Grantee may exercise the option at any time during the Exercisable Period after the vesting date for such share options, however:

- if a general offer by way of voluntary offer or takeover, schemes of arrangement or otherwise is made to all the Shareholders (other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional, our Company shall forthwith notify all the Grantees and any Grantee (or his/her personal representatives) that they may by notice in writing to our Company within 14 days after such offer becoming or being declared unconditional exercise the option to its full extent or to extent specified in such notice;

- in the event of a compromise or arrangement between our Company and its members and/or creditors is proposed for the purpose of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies, our Company shall give notice thereof to all Grantees on the same day as it first gives notice of the meeting to its members and/or creditors to consider such a scheme or arrangement and the Grantee may at any time by 12:00 noon (Hong Kong time) on the business day immediately prior to the date of the meeting held by relevant court in relation to such compromise or arrangement exercise all or any of his/her options; and

- if a notice is given by our Company to our Shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily winding-up our Company, our Company shall on the same date as or soon after it dispatches such notice to each member of our Company give notice thereof to all Grantees (together with a notice of the existence of the provisions of this paragraph) and thereupon, each Grantee (or his/her personal representatives) shall be entitled to exercise all or any of his/her options at any time not later than two business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance of the full amount of the aggregate exercise price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.

Lapse of options

An option shall lapse automatically and not be exercisable, to the extent not already exercised, on the earliest of:

(i) the date of lapse referred to in sub-paragraph (iii) above;

(ii) the date of termination of the Pre-IPO Share Option Scheme;

(iii) the expiry of Exercisable Period in respect of any vested but unexercised share option;

(iv) the expiry of each of the periods referred to in sub-paragraph (iv) above (in respect of any unexercised option);

(v) the date of the commencement of the winding-up of our Company;

(vi) the date of termination of employment (which should be the last actual working day at any member of our Group, and no matter whether the payment in lieu of notice has been made), if the Grantee is a director or an employee of our Group who for any reason ceases to be employed by our Group, or for any reason changes his/her current positions and fails to meet the conditions for exercise his/her options;

(vii) the date of Grantee's retirement, death or loss of capacity to work;

(viii) An option is personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any option or attempt to do so (save that the Grantee may nominate a nominee in whose name the Shares issued pursuant to the Pre-IPO Share Option Scheme may be registered).

the date on which the Grantee commits a breach of and our Board exercises our right to cancel the option;

(ix) the date on which the Grantee violates the law, violates professional ethics, divulges our confidential information and other official misconducts that severely damage our interests and reputation; or

(x) the date on which our Board, at its discretion, cancels any options granted but not yet exercised by the Grantee.

For the 12 months ended 31 December 2022, 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 2022	Granted during the year	Exercised during the year	Forfeited during the year	Cancelled during the year	Outstanding as at 31 December 2022	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	–	–	5,400,000	–	10,800,000	5.36

Category and name of the Grantee	Date of Grant	Vesting period	Exercise period	Outstanding as at 1 January 2022	Granted during the year	Exercised during the year	Forfeited during the year	Cancelled during the year	Outstanding as at 31 December 2022	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	–	–	400,000	–	800,000	5.36
Subtotal				17,400,000	–	–	5,800,000	–	11,600,000	

Category and name of the Grantee	Date of Grant	Vesting period	Exercise period	Outstanding as at 1 January 2022	Granted during the year	Exercised during the year	Forfeited during the year	Cancelled during the year	Outstanding as at 31 December 2022	Exercise price per share (HK$)
Other employee 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	8,305,159	–	–	4,289,159	–	4,016,000	5.36
Total				25,705,159	–	–	10,089,159	–	15,616,000	

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 Group and/or any of our subsidiaries.

	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 25,705,159 Shares, representing 2.14% and 2.11% 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 25,705,159 Shares, representing approximately 2.11% of the total number of issued Shares as at the date of this annual report. During the Reporting Period, 10,089,159 share options lapsed and the number of shares available for issue under the Pre-IPO Share Option Scheme as at the date of this report was 15,616,000 shares, representing approximately 1.28% of the total number of issued Shares as at the date of this 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.
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.

	Pre-IPO Share Option Scheme	Share Option Scheme
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 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.

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

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 (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 (as defined under the Non-competition Deed) 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 and confirmed that the Controlling Shareholders have fully complied with the Non-competition Deed and no breach of the Non-competition Deed occurred.

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:

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. Our Company (for itself and on behalf of its other subsidiaries) signed a supplementary agreement with Mr. Li on July 22, 2022, extending the term of the Master Commercial Properties Lease Agreement to December 31, 2023. For the details, please refer to the announcement of the Company dated 22 July 2022.

   The maximum annual fee payable by us under the Master Commercial Properties Lease Agreement for the four years ended 31 December 2023 will not exceed RMB39.20 million, RMB60.90 million, RMB110.00 million and RMB120.00 million, respectively. For the year ended 31 December 2022, the Group's fees paid for the Master Commercial Properties Lease Agreement amounted to RMB78.92 million.

   As at 31 December 2022, 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 Parking Spaces' Use Right Purchase Agreement*

   On 22 July 2022, our Company (for itself and on behalf of its other subsidiaries) entered into a master parking spaces' use right purchase agreement (the "**Master Parking Spaces' Use Right Purchase Agreement**") with Mr. Li, pursuant to which our Group agreed to, from time to time, enter into transactions to purchase the rights-of-use of the parking spaces from Mr. Li's Companies. The Master Parking Spaces' Use Right Purchase Agreement has a term commencing from 22 July 2022 until 31 December 2023.

   The maximum annual fee payable by our Group in relation to the Master Parking Spaces' Use Right Purchase Agreement for the two years ended 31 December 2023 will not exceed RMB90.00 million and RMB150.00 million, respectively. For the year ended 31 December 2022, the Group's fees paid for the Master Parking Spaces' Use Right Purchase Agreement amounted to RMB33.53 million.

   As at 31 December 2022, 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 Parking Spaces' Use Right Purchase 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 RMB2.60 million, RMB3.90 million and RMB4.30 million, respectively. For the year ended 31 December 2022, the Group's fees paid for the IT System Support Services amounted to RMB3.73 million.

As at 31 December 2022, 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.

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.

Our Company (for itself and on behalf of its other subsidiaries) signed a supplementary agreement with Mr. Li on 22 July, 2022, extending the term of the Property Agency Services Framework Agreement to 31 December, 2023. Article 1 of the first paragraph of the original Property Agency Services Framework Agreement is replaced by the following:

"Party B Group provides property agency services for properties owned or used by Party A Group in China, including but not limited to:

(i) Sales of residences, commercial properties and parking spaces developed by Party A Group;

(ii) Provide property agency services for unleased units of office buildings owned by Party A Group and managed by Party B Group and unleased ancillary shop units and parking spaces in residential areas.

(i) and (ii) above are collectively referred to as "Property agency Services"."

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 four years ended 31 December 2023 will not exceed RMB2.60 million, RMB2.90 million, RMB140.00 million and RMB140.00 million, respectively. For the year ended 31 December 2022, the fees charged by the Group for the Property Agency Services Framework Agreement amounted to RMB2.74 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.

Our Company (for itself and on behalf of its other subsidiaries) signed a supplementary agreement with Mr. Li on 22 July 2022, extending the term of the Master Property Management Services Agreement to December 31, 2023.

The maximum annual fee payable by Mr. Li's Companies in relation to the Property Management Services for the four years ended 31 December 2023 will not exceed RMB204.80 million, RMB291.70 million, RMB510.00 million and RMB634.00 million, respectively. For the year ended 31 December 2022, the fees charged by the Group for the Property Management Services amounted to RMB400.51 million.

As at 31 December 2022, 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 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.

Our Company (itself and on behalf of its other subsidiaries) signed a supplementary agreement with Mr. Li on 22 July, 2022, extending the term of the Master Supply & Installation Agreement to December 31, 2023. Article 1 of the first paragraph of the original Master Supply & Installation Agreement is replaced by the following:

"Party B Group provides system supply and installation services for properties owned or used by Party A Group in China, including but not limited to:

(i) Supply (a) ventilation and air-conditioning systems; (b) floor heating and water heating systems; (c) weak current projects to Party A Group, including but not limited to parking lot gates, video surveillance, access control gates, wiring networks, background music, security patrols and remote meter reading); (d) water supply and drainage works and heavy electricity works; and (e) electrical systems (hereinafter collectively referred to as "systems"); and (ii) related installation services.

(i) and (ii) above are collectively referred to as the "System Supply & Installation Services"."

The total contract value with Mr. Li's Companies in relation to the System Supply & Installation Services for the four years ended 31 December 2023 will not exceed RMB108.60 million, RMB150.00 million, RMB243.20 million and RMB312.70 million, respectively. For the year ended 31 December 2022, the total contract value of the Group for the System Supply & Installation Services amounted to RMB172.65 million.

On 31 December 2022, 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 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**"). The Master Intelligent Community Services Agreement has a term commencing from 12 November 2021 until 31 December 2022.

Our Company (itself and on behalf of its other subsidiaries) signed a supplementary agreement on 22 July, 2022, extending the term of the Master Intelligent Community Services Agreement to December 31, 2023.

Maximum annual charges payable by Mr. Li's Companies in relation to the Master Intelligent Community Services for the three years ended 31 December 2023 will not exceed RMB65.00 million, RMB120.00 million and RMB160.00 million, respectively. For the year ended 31 December 2022, the fees charged by the Group for the Master Intelligent Community Services amounted to amounted to Nil.

On 31 December 2022, 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.

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 the supply of construction materials (including but not limited to wires and cables, ceramic tiles and wooden flooring (the "**Master Construction Material Trading**")). The Master Construction Material Trading Agreement has a term commencing from 12 November 2021 until 31 December 2022.

Our Company (for ourselves and on behalf of our other subsidiaries) signed a supplementary agreement with Mr. Li on 22 July, 2022, extending the period of the Master Construction Material Trading Agreement to December 31, 2023.

The maximum annual charges payable by Mr. Li's Companies in relation to the Master Construction Material Trading for the three years ended 31 December 2023 will not exceed RMB115.00 million and RMB448.00 million and RMB733.00 million, respectively. For the year ended 31 December 2022, the fees charged by the Group for the Master Construction Material Trading amounted to RMB126.81 million.

On 31 December 2022, 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. Decoration and Maintenance Services Framework Agreement

On 22 July 2022, our Company (for ourselves and on behalf of our other subsidiaries) entered into the decoration and maintenance services framework agreement (the "**Decoration and Maintenance Services Framework Agreement**") with Mr. Li, pursuant to which our Group agreed to supply the Decoration and Maintenance Services to the properties owned, used, developed or being developed by Mr. Li's Companies in the PRC (the "**Decoration and Maintenance Services**"). The Decoration and Maintenance Services Framework Agreement has a term commencing from 22 July 2022 until 31 December 2023.

The maximum annual fee payable by Mr. Li's Companies in relation to the Decoration and Maintenance Services for the two years ended 31 December 2023 will not exceed RMB38.00 million and RMB65.00 million, respectively. For the year ended 31 December 2022, the fees charged by the Group for the Decoration and Maintenance Services amounted to RMB0.16 million.

On 31 December 2022, 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 Decoration and Maintenance Services Framework Agreement constituted continuing connected transactions for our Company under Chapter 14A of the Listing Rules.

10. 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 the supply of (a) the formulation and implementation of marketing activities plan; (b) conference services (the "**Master Marketing and Promotion 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 for the two years ended 31 December 2022 will not exceed RMB120.0 million, respectively. For the year ended 31 December 2022, the fees charged by the Group for the Master Marketing and Promotion Services amounted to RMB49.45 million.

On 31 December 2022, 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.

11. Master Apartment Properties Lease Agreement

On 22 July 2022, our Company (for ourselves and on behalf of our other subsidiaries) entered into the master apartment properties lease agreement (the "**Master Apartment Properties Lease Agreement**") with Mr. Li, pursuant to which our Group agreed to lease the Apartments, which our Group owned or leased from Independent Third Parties to Mr. Li's Companies. The Master Apartment Properties Lease Agreement has a term commencing from 22 July 2022 until 31 December 2023.

The maximum annual fee payable by Mr. Li's Companies in relation to the Master Apartment Properties Lease Agreement for the two years ended 31 December 2023 will not exceed RMB18.00 million and RMB28.00 million, respectively. For the year ended 31 December 2022, the fees charged by the Group for the Master Apartment Properties Lease Agreement amounted to RMB0.07 million.

On 31 December 2022, 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 Apartment Properties Lease 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.

CHARITABLE DONATIONS

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

MATERIAL LEGAL PROCEEDINGS

During the Reporting Period, except for the arbitration involving Shenzhen Excellence Property Management Co., Ltd., an indirect wholly-owned subsidiary of the Company has been disclosed in the announcement of the Company on 7 December 2022, to the best knowledge of the Directors, there is no material legal proceeding or claim which is 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 39 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 2022.

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 63 to 78 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 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, 27 March 2023

The Board is pleasured to present the Corporate Governance Report of the Company during the year ended 31 December 2022 (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 2022, 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 relevant period.

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, 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.

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 46 years old to 65 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 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.

The Nomination Committee is responsible for ensuring the diversity of our Board members. The 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. During the year ended 31 December 2022, the Board, through the Nomination Committee, has reviewed the implementation and effectiveness of our board diversity policy and confirm that the Board has an appropriate mix of skills and experience to deliver the Company's strategy.

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.

As of the date of this report, the male-to-female ratios of the Board and workforce are set out as follows:

Gender	Board of Directors	Senior management	Total number of employees
Male	71%	83%	59%
Female	29%	17%	41%

TRAINING AND CONTINUOUS PROFESSIONAL DEVELOPMENT

Based on the above, the Company considers that gender diversity is achieved in the Board and in its workforce generally.

Under the code provision C.1.4 of Part 2 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

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 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.

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 Part 2 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.

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:

Director	Number of meetings attended/number of meetings held during the year ended 31 December 2022					
	Board meeting	Audit Committee meeting	Nomination Committee meeting	Remuneration Committee meeting	Annual general meeting	Extraordinary general meeting
Mr. Li Xiaoping	18/18	N/A	1/1	1/1	1/1	1/1
Ms. Guo Ying	18/18	N/A	N/A	N/A	1/1	1/1
Mr. Wang Dou	18/18	4/4	N/A	N/A	1/1	1/1
Mr. Wang Yinhu	18/18	N/A	N/A	N/A	1/1	1/1
Mr. Huang Mingxiang	18/18	4/4	1/1	1/1	1/1	1/1
Mr. Kam Chi Sing	18/18	4/4	1/1	1/1	1/1	1/1
Ms. Liu Xiaolan	18/18	4/4	1/1	1/1	1/1	1/1

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. According to code provision B.1.4 of Part 2 the CG Code, our Company has hired independent agents and director could have recourse to seek independent professional advice from such agents 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.

During the Reporting Period, the following mechanisms are in place and remain effective in ensuring independent views and input are available to the Board:

- A sufficient number of three independent non-executive Directors (representing more than one third of the Board) having extensive experience and in-depth knowledge continuing to provide independent views and input to the Board on the business affairs of the Company.

- The Nomination Committee assesses the independence of each independent non-executive Directors on an annual basis and the reappointment of any independent non-executive Director is subject to the approval at the annual general meeting by way of ordinary resolution.

- Policy and procedures are in place to avoid any potential conflict of interests. Any Director who has a material interest in any transaction relating to the Company shall abstain from voting on any Board resolution approving the same matter.

- Each Director is required to ensure that he/she can give sufficient time and attention to the affairs of the Company and contribute to the development of the Company's strategy and policies through independent, constructive and informed comments.

- The Board and its committees are entitled to seek independent professional advice on issues relevant to the Company from external professional consultants and advisors as deemed necessary.

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;

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 4 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. For the year ended 31 December 2022, the Audit Committee of the Group has reviewed the interim and annual financial results and reports and the risk management and internal control systems, supervised the effectiveness of the issuer's internal audit function, and its other duties under the CG Code.

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. As of 31 December 2022, the Nomination Committee of the Group has reviewed the independence of the independent non-executive Directors and structure, size and composition of the Board.

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.

According to code provision E.1.2(c)(ii) of Part 2 of CG Code, the model adopted by the Group's Remuneration Committee is: to make recommendations to the Board on the remuneration packages of individual executive directors and senior management.

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;

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

4. to review and/or approve the matters relating to the share schemes under Chapter 17 of the Listing Rules.

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 one meeting 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. As of 31 December 2022, the Remuneration Committee has reviewed and made recommendation to the Board on the remuneration policy and structure of all the Directors and senior management of the Company.

Remuneration of Directors and Senior Management

Pursuant to code provision E.1.5 of Part 2 of the CG Code, for the year ended 31 December 2022, details of the remuneration of the Senior Management are set out below:

Remuneration band of Senior Management	Number of individuals
Nil – HK$1,000,000	4
HK$1,000,001 – HK$1,500,000	2
HK$2,000,001 – HK$2,500,000	2
HK$2,500,001 – HK$3,000,000	1

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

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 2022 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 of the Company 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 79 to 87 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.

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 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.

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.

Internal audit

The Group complies with the relevant requirements of the Listing Rules, and sets up an internal audit department to perform the internal audit function. The department supervises and evaluates the establishment and improvement of the Group's internal monitoring system and whether it is effectively implemented, and provides relevant suggestions, which cover all important aspects of internal monitoring, including financial monitoring, operational monitoring, compliance monitoring and risk management.

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 relevant period is as follows:

Type of Services	RMB'000
Audit services	3,000
Other services[Note]	3,225
Total	6,225

Note: Other services mainly include statutory audit services for domestic subsidiaries in 2022 and, interim review services for the listed company in 2022.

From the Listing Date to the year ended 31 December 2022, the Company has not changed its auditors.

JOINT COMPANY SECRETARIES

Mr. Li Yijun was appointed as the Joint Company Secretary of the Company on 25 November 2021 and resigned on 22 June 2022. Mr. Lv Li was appointed as the Joint Company Secretary of the Company on the same day to replace Mr. Li. The biographical details of Mr. Lv is set out under the "Directors and Senior Management – Senior Management" of the annual report. Mr. Lv Li has resigned as the Joint Company Secretary due to personal reasons, effective from 6 January 2023. The Board appointed Mr. Jia Jie as the Joint Company Secretary on the same day. For details, please refer to the Company's announcement dated 6 January 2023.

On 22 June 2022, Mr. Cheung Kai Cheong Willie was appointed to replace Ms. Chan Tsz Yu as the Joint Company Secretary. Mr. Cheung is a senior manager of SWCS Corporate Services Group (Hong Kong) Limited, which is a company with the focus on providing the company secretary services. The primary contact person of Mr. Cheung in the Company is Mr. Jia Jie.

During the year ended 31 December 2022, both Mr. Lv and Mr. Cheung 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 Board 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 Board adopts and regularly reviews its shareholders' communication policy to ensure its effectiveness, and considers its shareholders' communication policy to be effective and adequate. It aims at establishing a two-way relationship and communication between the Company and the Shareholders and sets up an 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 regularly reviews shareholder communication policies to ensure their effectiveness and considers them to be effective and sufficient.

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 the secretary 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 2022, 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 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 88 to 174, which comprise the consolidated statement of financial position as at 31 December 2022, 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 2022 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.

KEY AUDIT MATTERS *(continued)*

Expected credit loss allowance for trade receivables

Refer to note 20 to the consolidated financial statements and the accounting policies note 2(l)(i).

The Key Audit Matter	How the matter was addressed in our audit
As at 31 December 2022, the net carrying amount of trade receivables of the Group is RMB935,709,000, which is made up of a gross amount of RMB1,017,284,000 and a loss allowance of RMB81,575,000. The net carrying amount of trade receivables represented 23.0% of the current assets of the Group. The Group's trade receivables comprised mainly receivables from property owners, property developers and other parties. The Group assessed the expected credit loss ("ECL") allowance for trade receivables based on estimated loss rates at the end of each reporting period, which take into account the Group's historical loss pattern, ageing profile of the receivables, existing market conditions as well as forward-looking information. We identified assessing the ECL allowance for trade receivables as a key audit matter because trade receivables is material to the Group and the assessment of the ECL allowance is inherently subjective and requires the exercise of significant management judgement.	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 ECL allowance for trade receivables; • evaluating the Group's policy for estimating the ECL allowance with reference to the requirements of the prevailing accounting standard; • assessing the appropriateness of the estimated loss rates by examining historical default data and changes in the ageing profile of trade receivables and evaluating whether the estimated loss rates are appropriately adjusted based on the current market conditions and forward-looking information; • assessing whether items in the trade receivables ageing report were categorised in the appropriate time band by comparing a sample of individual items with sales invoices and other relevant underlying documentation; • re-performing the calculation of the ECL allowance as at 31 December 2022 based on the Group's ECL allowance policies; and • assessing the reasonableness of 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.

KEY AUDIT MATTERS *(continued)*

Assessment of potential impairment of goodwill

Refer to note 16 to the consolidated financial statements and the accounting policies note 2(l)(iii).

The Key Audit Matter	How the matter was addressed in our audit
As at 31 December 2022, the cost of the Group's goodwill amounted to RMB253,446,000, representing 5.1% of the Group's consolidated total assets, and have been recognised in the consolidated statement of financial position as a result of business acquisitions completed in current and prior years. During the year, an impairment of RMB28,159,000 amount was recognised. Management performs annual impairment assessment of goodwill for each cash-generating unit ("CGU") to which goodwill have been allocated. The impairment assessment is carried out by management with with the assistance of an external valuer, based on a discounted cash flow forecast for each CGU. The preparation of discounted cash flow forecasts involves the exercise of significant management judgement, in particular in determining the appropriate short-term and terminal revenue growth rates, profit margin and discount rates.	Our audit procedures to assess potential impairment of goodwill included the following: • evaluating the identification of the CGUs and the allocation of assets to that CGUs with reference to the requirements of the prevailing accounting standards; • for goodwill arising from acquisition in prior years, performing a retrospective review by comparing the forecast revenue and profit margin included in the prior year's discounted cash flow forecasts with the current year's performance to assess how accurate the prior year's discounted cash flow forecasts were and making enquiries of management as to the reasons for any significant variations identified and whether there is any indication of management bias; • assessing the competence, capabilities and objectivity of the external valuer appointed by management; • discussing future operating plans with management and challenging the reasonableness of the key assumptions adopted in the discounted cash flow forecasts, in particular in relation to short-term revenue growth rates and profit margin, by comparing these with historical results; • with the assistance of our internal valuation specialists, evaluating the appropriateness of the methodology with reference to the requirements of the prevailing accounting standards and the reasonableness of the discount rates by benchmarking against other comparable companies in the same industry and challenging the reasonableness of terminal growth rates by comparing with historical economic results;

KEY AUDIT MATTERS *(continued)*

Assessment of potential impairment of goodwill (continued)

Refer to note 16 to the consolidated financial statements and the accounting policies note 2(l)(iii).

The Key Audit Matter	How the matter was addressed in our audit
We identified the assessment of potential impairment of goodwill as a key audit matter because the assessment of the recoverable amount of CGUs can be inherently subjective and requires the exercise of significant management judgement and estimation which increases the risk of error or management bias.	• evaluating the sensitivity analysis prepared by management for each of the key assumptions adopted in the discounted cash flow forecasts to assess whether there is any indication of management bias; • testing the mathematical accuracy of the calculations of the goodwill impairment assessment if any; and • assessing the reasonableness of the disclosures in the consolidated financial statements in relation to impairment testing of goodwill with reference to the requirements of the prevailing accounting standards.

KEY AUDIT MATTERS *(continued)*

Expected credit loss allowance for financial guarantee issued

Refer to notes 28 and 33 to the consolidated financial statements and the accounting policies note 2(l)(ii).

The Key Audit Matter	How the matter was addressed in our audit
During the year, the Group completed the acquisition of 75% equity interest in Beijing Global Wealth Property Management Co., Ltd. (“Beijing Global”). Before the acquisition, one of the vendors borrowed a loan from a financial institution with a principal amount of RMB180,000,000. The principal and interest of the loan were jointly guaranteed by Beijing Global and several other entities related to that vendor and secured by a property held by one of the other guarantors. The loan was overdue during the year. As at 31 December 2022, the financial guarantee issued was measured at an amount equal to the expected credit loss (“ECL”) allowance of RMB62,371,000. Management assessed the ECL allowance for the financial guarantee issued based on the expected payments including additional interest and penalty on overdue payments to reimburse the holder of the financial guarantee, taking into account the liquidation value of the pledged property. Management’s assessment of the liquidation value of the pledged property is based on valuation prepared by an external property valuer, which involves a significant degree of judgement and estimation with respect to comparable market transactions and liquidity discount. The expected net cash outflow is discounted using the current risk-free rate adjusted for risks specific to the cash flows.	Our audit approach to assess the ECL allowance for the financial guarantee issued included the following: • Understanding the exposure of the financial guarantee issued by inspecting the legal opinion issued by the legal advisors of the Group; • obtaining and inspecting the valuation report prepared by the external property valuer engaged by management and on which the directors’ assessment of the liquidation value of the pledged property was based; • assessing the competence, capabilities and objectivity of the external valuer appointed by management; • with the assistance of our internal property valuation specialists, discussing with the external property valuer and evaluating the appropriateness of the external property valuer’s valuation methodology with reference to the requirements of the prevailing accounting standards and assessing the reasonableness of the key estimates and assumptions adopted, in particular comparable property sales considered in the valuation by comparing with available market information; • assessing the reasonableness of the liquidity discount adopted in the valuation by comparing with available market information on foreclosure;

KEY AUDIT MATTERS *(continued)*

Expected credit loss allowance for financial guarantee issued (continued)

Refer to notes 28 and 33 to the consolidated financial statements and the accounting policies note 2(l)(ii).

The Key Audit Matter	How the matter was addressed in our audit
We identified the assessment of the ECL allowance for the financial guarantee issued as a key audit matter because the balance is material to the Group and the assessment of ECL is inherently subjective ad requires the exercise of significant management judgement.	• assessing the reasonableness of management’s assumptions on the expected reimbursement amount (including additional interest and penalty on overdue payments to be incurred in respect of the delay in settlement of the loan) with reference to relevant agreements and current policies issued by the People’s Bank of China and, with the assistance of our internal valuation specialist, assessing the reasonableness of the discount rate adopted in the assessment of ECL allowance by benchmarking against those of other comparable companies; • testing the mathematical accuracy of the calculation of the ECL allowance for the financial guarantee issued; and • assessing the reasonableness of disclosures in the consolidated financial statements in relation to the financial guarantee issued with reference to the requirements of the prevailing accounting standards.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with 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.

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.

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

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

We communicate with 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

27 March 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

(Expressed in Renminbi)

	Note	2022 RMB'000	2021 RMB'000
Revenue	4	3,527,396	3,467,066
Cost of sales		(2,683,050)	(2,507,439)
Gross profit		844,346	959,627
Other revenue	5(a)	66,736	45,518
Other net gain	5(b)	11,150	7,345
Impairment losses on receivables, contract assets and financial guarantee issued	6	(84,175)	(12,898)
Impairment loss on goodwill	16	(28,159)	–
Selling and marketing expenses		(28,936)	(18,637)
Administrative expenses		(174,144)	(203,352)
Profit from operations		606,818	777,603
Finance costs	7(a)	(9,136)	(20,705)
Share of profits less losses of associates	18	1,524	1,387
Share of profits less losses of joint ventures	19	822	7,450
Profit before taxation	7	600,028	765,735
Income tax	8	(173,573)	(218,254)
Profit for the year		426,455	547,481
Attributable to:			
Equity shareholders of the Company		403,494	510,088
Non-controlling interests		22,961	37,393
Profit for the year		426,455	547,481
Earnings per share (RMB cents)	11		
Basic		33.1	41.7
Diluted		33.1	41.7

The notes on pages 95 to 174 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 32(e).

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

(Expressed in Renminbi)

	2022 RMB'000	2021 RMB'000
Profit for the year	**426,455**	547,481
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	**(22,759)**	(66,025)
Total comprehensive income for the year	**403,696**	481,456
Attributable to:		
Equity shareholders of the Company	**380,735**	444,063
Non-controlling interests	**22,961**	37,393
Total comprehensive income for the year	**403,696**	481,456

The notes on pages 95 to 174 form part of these financial statements.

Consolidated Statement of Financial Position

(Expressed in Renminbi)

	Note	2022 RMB'000	2021 RMB'000
Non-current assets			
Investment properties	12	**101,502**	112,488
Property, plant and equipment	13	**53,746**	47,541
Intangible assets	15	**367,458**	34,061
Goodwill	16	**225,287**	41,438
Interests in associates	18	**13,053**	12,609
Interests in joint ventures	19	**8,377**	45,382
Other receivables	20	**–**	236,582
Financial asset measured at fair value through profit or loss (FVPL)	21	**120,000**	–
Deferred tax assets	31(b)	**52,634**	29,016
		942,057	559,117
Current assets			
Inventories	22	**52,914**	4,886
Contract assets	26(a)	**8,329**	15,684
Trade and other receivables	20	**1,314,154**	1,134,969
Prepaid tax	31(a)	**5,214**	770
Loans receivable	23	**67,821**	316,014
Restricted deposits	24	**57,215**	33,396
Cash and cash equivalents	25	**2,564,428**	3,007,300
		4,070,075	4,513,019
Current liabilities			
Interest-bearing borrowing		**–**	75,000
Contract liabilities	26(b)	**163,822**	216,236
Trade and other payables	27	**906,511**	1,077,341
Financial guarantee issued	28	**62,371**	–
Lease liabilities	29	**13,413**	14,006
Current taxation	31(a)	**78,389**	90,896
		1,224,506	1,473,479
Net current assets		**2,845,569**	3,039,540
Total assets less current liabilities		**3,787,626**	3,598,657

(Expressed in Renminbi)

	Note	2022 RMB'000	2021 RMB'000
Non-current liabilities			
Other payables	27	–	800
Lease liabilities	29	111,517	117,741
Deferred tax liabilities	31(b)	86,810	13,684
		198,327	132,225
NET ASSETS		3,589,299	3,466,432
CAPITAL AND RESERVES			
Share capital	32(a)	10,479	10,496
Reserves	32(d)	3,481,016	3,435,052
Total equity attributable to equity shareholders of the Company		3,491,495	3,445,548
Non-controlling interests		97,804	20,884
TOTAL EQUITY		3,589,299	3,466,432

Approved and authorised for issue by the board of directors on 27 March 2023.

Li Xiaoping
Director

Guo Ying
Director

The notes on pages 95 to 174 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

(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	32(a)	32(c)	32(d)(i)	30	32(b)	32(d)(ii)	32(d)(iii)				
At 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
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		–	–	–	–	–	–	(22,312)	–	(22,312)	–	(22,312)
Disposal of subsidiaries		–	–	–	–	–	–	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	32(e) (ii)	–	–	–	–	–	–	–	(97,793)	(97,793)	–	(97,793)
2021 interim dividend declared in respect of the current year	32(e) (i)	–	–	–	–	–	–	–	(188,840)	(188,840)	–	(188,840)
Appropriations to statutory surplus reserves		–	–	47,132	–	–	–	–	(47,132)	–	–	–
Pre-IPO equity-settled share-based payment	30	–	–	–	16,658	–	–	–	–	16,658	54	16,712
Forfeit of share options	30	–	–	–	(6,607)	–	–	–	–	(6,607)	(163)	(6,770)
Repurchase of shares	32(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 and 1 January 2022		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 Statement of Changes in Equity

For the year ended 31 December 2022

(Expressed in Renminbi)

		Attributable to equity shareholders of the Company										
	Note	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
		32(a)	32(c)	32(d)(i)	30	32(b)	32(d)(ii)	32(d)(iii)				
Changes in equity for 2022:												
Profit for the year		-	-	-	-	-	-	-	403,494	403,494	22,961	426,455
Other comprehensive income for the year		-	-	-	-	-	(22,759)	-	-	(22,759)	-	(22,759)
Total comprehensive income for the year		-	-	-	-	-	(22,759)	-	403,494	380,735	22,961	403,696
Acquisitions of subsidiaries	33	-	-	-	-	-	-	-	-	-	70,681	70,681
Dividend declared to non-controlling interests		-	-	-	-	-	-	-	-	-	(16,728)	(16,728)
2021 final dividend declared in respect of the previous year	32(e)(ii)	-	-	-	-	-	-	-	(172,801)	(172,801)	-	(172,801)
2022 interim dividend declared in respect of the current year	32(e)(i)	-	-	-	-	-	-	-	(155,472)	(155,472)	-	(155,472)
Capital injection from non-controlling interest		-	-	-	-	-	-	-	-	-	5	5
Appropriations to statutory surplus reserves		-	-	43,478	-	-	-	-	(43,478)	-	-	-
Pre-IPO equity-settled share-based payment	30	-	-	-	6,797	-	-	-	-	6,797	43	6,840
Forfeiture of share options	30	-	-	-	(13,312)	-	-	-	-	(13,312)	(42)	(13,354)
Cancellation of repurchased own shares	32(b)	(17)	(8,083)	-	-	8,100	-	-	-	-	-	-
		(17)	(8,083)	43,478	(6,515)	8,100	(22,759)	-	31,743	45,947	76,920	122,867
At 31 December 2022		10,479	2,941,553	186,405	16,200	-	(144,381)	(57,326)	538,565	3,491,495	97,804	3,589,299

The notes on pages 95 to 174 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

(Expressed in Renminbi)

	Note	2022 RMB'000	2021 RMB'000
Operating activities			
Cash generated from operations		**422,590**	976,692
Corporate Income Tax paid	31(a)	**(230,503)**	(166,636)
Net cash generated from operating activities		**192,087**	810,056
Investing activities			
Net cash flow from disposal of subsidiaries	20(b)	**70,000**	(209,849)
Repayment from disposed subsidiaries		**295,321**	–
Proceeds from a related party for disposal of a subsidiary		**–**	5,095
Return of advanced payment after termination of proposed disposal of a subsidiary	27(b)	**(305,095)**	–
Payments for purchase of property, plant and equipment and intangible assets		**(18,374)**	(18,186)
Proceeds from disposal of property, plant and equipment		**430**	377
Dividend received from a joint venture		**–**	5,594
Dividend received from an associate		**1,080**	1,149
Payment for investment in an associate		**–**	(7,500)
Payment for investment in a joint venture		**(1,494)**	(1,320)
Payment for investment in a financial asset at FVPL	21	**(120,000)**	–
Payment of deposit for acquisition of a subsidiary		**–**	(166,582)
Acquisitions of subsidiaries, net of cash acquired	33	**(132,369)**	–
Net cash flow for purchase of wealth management products		**377**	(50,156)
Interest received		**44,990**	29,138
Net cash used in investing activities		**(165,134)**	(412,240)
Financing activities			
Proceeds from interest-bearing borrowing	25(c)	**–**	153,760
Repayment of interest-bearing borrowing	25(c)	**(75,000)**	(448,700)
Capital element of lease rentals paid	25(c)	**(17,738)**	(15,051)
Interest element of lease rentals paid	25(c)	**(7,061)**	(7,854)
Interest paid	25(c)	**(2,271)**	(13,326)
Dividends paid		**(328,273)**	(286,633)
Dividends paid to non-controlling interest		**(16,728)**	(12,719)
Capital injection from non-controlling interest		**5**	–
Payment for repurchase of shares	32(b)	**–**	(8,100)
Net cash used in financing activities		**(447,066)**	(638,623)
Net decrease in cash and cash equivalents		**(420,113)**	(240,807)
Cash and cash equivalents at 1 January	25(a)	**3,007,300**	3,314,132
Effect of foreign exchange rate changes		**(22,759)**	(66,025)
Cash and cash equivalents at 31 December	25(a)	**2,564,428**	3,007,300

The notes on pages 95 to 174 form part of these financial statements.

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 Company and its subsidiaries (together referred to as 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 2022 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 RMB 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 debt and equity financial instruments (see note 2(g)).

Non-current assets are stated at the lower of carrying amount and fair value less costs to sell.

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 HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKFRS 3, *Reference to the Conceptual Framework*
- Amendments to HKAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract*
- Annual Improvements to *HKFRSs 2018-2020 Cycle*

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

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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.

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)).

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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.

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)(iii)). 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) 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.

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)(iii)).

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.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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 ("FVPL") 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)(ii)(a)).

– 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.

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

(ii) Equity investments

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

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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)(iii)). Rental income from investment properties is accounted for as described in note 2(v)(ii)(b).

Depreciation is calculated to write off the costs of investment properties, using the straight-line method over their lease term typically over the lease term.

(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)(iii)):

– 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.

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

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

Depreciation is calculated to write off the cost 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.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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)(iii)). 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:

– Software	2–5 years
– Uncompleted property management contracts	*Note*
– Customer relationships	*Note*

Note: Uncompleted property management contracts and customer relationships acquired in business combinations are recognised at fair value at the acquisition date. Amortisation is calculated using the straight-line method over the expected useful lives of the respective property management contracts and customer relationships.

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.

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)(iii)).

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.

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)(ii)(b).

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.

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).

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)*

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.

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.

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)*

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

- Failure to make payments of principal or interest on their contractually due dates;
- An actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- An actual or expected significant deterioration in the operating results of the debtor; and
- Existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

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

ECLs are remeasured at each reporting date to reflect changes in the financial 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)(ii)(a) 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.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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

Basis of calculation of interest income *(continued)*

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.

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) Credit losses from financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised at fair value. Such a contract is subsequently measured at the higher of the amount of the loss allowance and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the term of the guarantee.

The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the carrying amount in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation).

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

(ii) Credit losses from financial guarantees issued (continued)

To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in note 2(l)(i) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

(iii) 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.

– 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.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

(iii) Impairment of other assets (continued)

– 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.

(iv) 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 (iii)).

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 as follows:

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Inventories *(continued)*

(i) Properties held for sale

Costs of purchased carparks are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(ii) Customised software

The cost of customised software comprises all costs of materials, supplies, labour and other direct costs incurred during the production progress. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(iii) Others

Cost comprises all costs of uninstalled equipments and other direct costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

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

(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.

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.

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.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(s) Employee benefits *(continued)*

(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.

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.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(t) Income tax *(continued)*

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.

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.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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.

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

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

(i) Revenue from contracts with customers

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

(a) 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.

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.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

(i) Revenue from contracts with customers (continued)

(b) 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.

(c) 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.

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.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

(i) Revenue from contracts with customers (continued)

(c) Engineering services *(continued)*

Principal versus agent (continued)

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.

(d) Intelligent community services

The Group provides intelligent community solutions and sells intelligent hardware devices and software to property developers. Revenue for intelligent community service is recognised in point time when the smart devices are delivered and the services are rendered.

(e) 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.

(ii) Revenue from other sources and other income

(a) 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.

(b) Rental income from operating leases

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

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

(ii) Revenue from other sources and other income (continued)

(c) Dividends

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

(d) 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.

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.

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.

(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 JUDGEMENTS AND ESTIMATES

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

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

(a) Impairment for trade and other receivables

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

(b) Fair value assessment of purchase price allocation for business combinations

Significant judgements and estimates were involved in the fair value assessment of the purchase price allocation for business combinations. These significant judgements and estimates include the adoption of appropriate valuation methodologies (discounted future cash flow method) and the use of significant assumptions in the valuation (mainly including annual revenue growth rate and discount rates). See note 33 for more details.

(c) Impairment of non-current assets

If circumstances indicate that the carrying amounts of investment properties, intangible assets 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.

(d) Impairment of financial guarantee issued

The Group estimates impairment loss for financial guarantee issued by using expected credit loss models. Expected credit loss on financial guarantee issued is estimated based on expected additional interest and penalty to be incurred, expected timing of settlement of the loan and the valuation of the liquidation value of the pledged property at the reporting date.

Where the expectation is different from the original estimate, such difference will impact the loss allowance of financial guarantee issued in the periods in which such estimate has been changed.

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).

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by each significant category for the year ended 31 December 2022 and 2021 recognised in the consolidated statement of profit or loss are as follows:

	2022 RMB'000	2021 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Property management services		
Basic property management services		
– Commercial property	2,166,727	1,961,514
– Public and industrial property	212,114	350,351
– Residential property	435,952	318,887
	2,814,793	2,630,752
Value-added services	668,710	780,520
	3,483,503	3,411,272
Revenue from other sources		
Finance services income	35,731	41,297
Gross rental income from investment properties	8,162	14,497
	43,893	55,794
	3,527,396	3,467,066

For the year ended 31 December 2022, 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 by or under significant influence of the Ultimate Controlling Shareholder and chairman of the board of the Company, amounting of RMB615,677,000 (2021: RMB598,646,000). 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.

(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.

4 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments:

– Property management services: this segment mainly provides basic property management services, system or materials supply services and engineering services to property developers, property owners and tenants, and other 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 apartment rental services.

(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 interest-bearing borrowings, 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 associates and joint ventures.

The measure used for reporting segment profit is profit before taxation excluding gain on disposal of a subsidiary, 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 interest-bearing borrowings managed directly by the segments, depreciation and amortisation, impairment loss on goodwill, impairment losses on trade and other receivables, loans receivable and contract assets in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

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 2022 and 2021 is set out below.

	Property management services		Finance services		Others		Total	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Disaggregated by timing of revenue recognition								
Over time	3,464,042	3,212,524	35,731	41,297	8,162	14,497	3,507,935	3,268,318
Point in time	19,461	198,748	–	–	–	–	19,461	198,748
Reportable segment revenue	3,483,503	3,411,272	35,731	41,297	8,162	14,497	3,527,396	3,467,066
Inter-segment revenue	–	–	–	–	–	–	–	–
Revenue from external customers	3,483,503	3,411,272	35,731	41,297	8,162	14,497	3,527,396	3,467,066
Reportable segment profit/(loss)	578,991	738,767	25,512	19,086	(2,824)	4,405	601,679	762,258
Interest income from bank deposits and other financial institutions	44,956	29,113	–	–	10	11	44,966	29,124
Finance costs	(622)	(8,146)	(2,082)	(5,727)	(6,432)	(6,832)	(9,136)	(20,705)
Depreciation and amortisation	(60,418)	(34,229)	(996)	(1,347)	(11,061)	(11,248)	(72,475)	(46,824)
Reversals of/(impairment losses) on loan receivables	–	–	1,262	(2,466)	–	–	1,262	(2,466)
Reversals of/(impairment losses) on trade and other receivables	(37,753)	(10,114)	–	–	(13)	2	(37,766)	(10,112)
Reversals of/(impairment losses) on contract assets	100	(320)	–	–	–	–	100	(320)
Impairment loss on financial guarantee issued	(47,771)	–	–	–	–	–	(47,771)	–
Impairment loss on goodwill	(28,159)	–	–	–	–	–	(28,159)	–
Reportable segment assets	4,504,499	4,502,088	336,907	392,318	112,722	147,676	4,954,128	5,042,082
Additions to non-current segment assets during the year	716,429	36,026	–	–	73	168	716,502	36,194
Reportable segment liabilities	1,138,082	1,298,833	4,523	80,896	114,553	121,272	1,257,158	1,501,001

4 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

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

	2022 RMB'000	2021 RMB'000
Consolidated revenue *(Note 4(a))*	3,527,396	3,467,066
Profit		
Reportable segment profit	601,679	762,258
Gain on disposal of subsidiaries	–	5,009
Net foreign exchange gain	6,495	1,336
Unallocated head offices and corporate expenses	(8,146)	(2,868)
Consolidated profit before taxation	600,028	765,735

	2022 RMB'000	2021 RMB'000
Assets		
Reportable segment assets	4,954,128	5,042,082
Prepaid tax	5,214	770
Deferred tax assets	52,634	29,016
Unallocated head office and corporate assets	156	268
Consolidated total assets	5,012,132	5,072,136
Liabilities		
Reportable segment liabilities	1,257,158	1,501,001
Current taxation	78,389	90,896
Deferred tax liabilities	86,810	13,684
Unallocated head office and corporate liabilities	476	123
Consolidated total liabilities	1,422,833	1,605,704

(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 2022 and 2021.

As at 31 December 2022 and 2021, most of the non-current assets of the Group were located in mainland China.

5 OTHER REVENUE AND NET GAIN

(a) Other revenue

	Note	2022 RMB'000	2021 RMB'000
Interest income from bank deposits and other financial institutions		44,990	29,138
Government grants	(i)	20,944	15,908
Others		802	472
		66,736	45,518

(b) Other net gain

	Note	2022 RMB'000	2021 RMB'000
Net foreign exchange gain		6,495	1,336
Gain on previously held interest in a joint venture upon taken control	(ii)	4,499	–
Net gain on investment in wealth management products		377	1,667
Net (loss)/gain on disposals of property, plant and equipment		(3)	81
Gain on disposal of subsidiaries		–	5,009
Others		(218)	(748)
		11,150	7,345

Notes:

(i) In 2022 and 2021, 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.

(ii) After Henan Huangjin Property Management Co., Ltd. (河南黃錦物業管理有限公司) ("Henan Huangjin") has been controlled by the Group (see note 33), the difference between the fair value and the carrying amount of the Group's previously held interest of net identifiable assets at the acquisition date was recognised in profit or loss.

6 IMPAIRMENT LOSSES ON RECEIVABLES, CONTRACT ASSETS AND FINANCIAL GUARANTEE ISSUED

	2022 RMB'000	2021 RMB'000
Impairment losses on trade and other receivables	(37,766)	(10,112)
Reversals of/(impairment losses) on loans receivable	1,262	(2,466)
Reversals of/(impairment losses) on contract assets	100	(320)
Impairment loss on financial guarantee issued *(Note 28 and Note 33(ii))*	(47,771)	–
	(84,175)	(12,898)

Note: Further details on the Group's credit policy and credit risk arising from trade and other receivables, loans receivable, contract assets and financial guarantee issued are set out in note 34(a).

7 PROFIT BEFORE TAXATION

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

(a) Finance costs

	2022 RMB'000	2021 RMB'000
Interests on interest-bearing borrowing *(Note 25(c))*	2,075	12,851
Interests on lease liabilities *(Note 25(c))*	7,061	7,854
	9,136	20,705

(b) Staff costs

	2022 RMB'000	2021 RMB'000
Salaries, wages and other benefits	1,447,550	1,230,972
Equity-settled share-based payment *(Note 30)*	(6,514)	9,942
Contributions to defined contribution scheme *(Note)*	74,573	68,612
	1,515,609	1,309,526
Included in:		
– Cost of sales	1,379,420	1,141,873
– Selling and marketing expenses	18,687	9,830
– Administrative expenses	117,502	157,823
	1,515,609	1,309,526

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.

7 PROFIT BEFORE TAXATION *(continued)*

(c) Other items

	Note	2022 RMB'000	2021 RMB'000
Depreciation and amortisation charges			
– Owned property, plant and equipment	13	12,487	11,777
– Right-of-use assets in property, plant and equipment	13	10,534	11,082
– Leasehold improvements for investment properties	12	867	867
– Right-of-use assets in investment properties	12	10,119	10,119
– Intangible assets	15	38,468	12,979
		72,475	46,824
Impairment loss on goodwill	16	28,159	–
Variable lease payments not included in the measurement of lease liabilities	14	78,768	59,062
Subcontracting costs		393,017	363,546
Auditor's remuneration			
– Audit services		3,000	3,000
– Other services		3,225	4,070
		6,225	7,070
Rentals receivable from investment properties		(8,162)	(14,497)
Less: direct outgoings from investment properties		10,986	10,986
		2,824	(3,511)

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	Note	2022 RMB'000	2021 RMB'000
Current tax			
Provision for the year	31(a)	203,866	218,568
Deferred tax			
Origination and reversal of temporary differences	31(b)	(30,293)	(314)
		173,573	218,254

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)*

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

	2022 RMB'000	2021 RMB'000
Profit before taxation	**600,028**	765,735
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	**147,459**	189,643
Tax effect of non-deductible expenses	**9,868**	11,718
Income not subject to tax	**(1,659)**	(2,209)
Withholding tax on dividend	**17,957**	19,049
Tax effect of tax losses utilised or not recognised	**(52)**	53
Actual tax expense	**173,573**	218,254

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 major mainland China subsidiaries are subject to Corporate Income Tax ("CIT") at a statutory rate of 25% on their respective taxable income during the year. The different tax rates mainly come from certain mainland China companies, which are regarded as small profit enterprise or registered and operated in western region of mainland China, are entitled to the PRC income tax at a preferential rate of 15% for the year ended 31 December 2022.

Withholding taxes are levied on dividend distributions arising from profit of the mainland China subsidiaries within the Group earned after 1 January 2008 at 5%. The PRC CIT Law and its implementation rules impose a withholding tax at 10%, unless reduced by a tax treaty or arrangement, for dividends distributed by PRC resident enterprises to their non-PRC-resident corporate investors for profits earned since 1 January 2008. Under the Sino-Hong Kong Double Tax Arrangement, a qualified Hong Kong tax resident is entitled to a reduced withholding tax rate of 5% if the Hong Kong tax resident is the "beneficial owner" and holds 25% or more of the equity interest of the mainland China enterprise directly. Since the Group could control the quantum and timing of distribution of profits of the Group's subsidiaries in the mainland China, deferred tax liabilities are only provided to the extent that such profits are expected to be distributed in the foreseeable future.

9 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:

	2022						
	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)*	–	–	–	–	–	(3,712)	(3,712)
Ms. Guo Ying *(Chief Executive Officer)*	–	1,053	1,335	25	2,413	(275)	2,138
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	1,053	1,335	25	3,413	(3,987)	(574)

	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 (Chief Executive Officer)	–	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

9 DIRECTORS' EMOLUMENTS *(continued)*

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). The amount this year includes reversal of expense as a result of forfeiture of options before vesting, as certain conditions set out in the share option scheme could not be met.

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 30.

10 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, 1 (2021: 2) is director whose emolument is disclosed in note 9. The aggregate of the emoluments in respect of the other 4 (2021: 3) individuals are as follows:

	2022	2021
	RMB'000	RMB'000
Salaries, allowance and benefits-in-kind	**4,951**	2,515
Discretionary bonuses	**1,088**	2,946
Retirement scheme contributions	**201**	58
Equity-settled share-based payment	**(102)**	248
	6,138	5,767

The emoluments of the 4 (2021: 3) individuals with the highest emoluments are within the following bands:

	Number of employees	
	2022	2021
HKD1,000,001 – HKD1,500,000	**2**	–
HKD2,000,001 – HKD2,500,000	**1**	2
HKD2,500,001 – HKD3,000,000	**1**	1

No emoluments were paid by the Group to any of the 4 (2021: 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 2022 (2021: nil).

11 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 RMB403,494,000 (2021: RMB510,088,000) and the weighted average of 1,220,348,000 ordinary shares (2021: 1,222,391,192 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2022	2021
	Shares	Shares
Issued ordinary shares at 1 January	**1,220,348,000**	1,222,490,000
Repurchase of shares *(Note 32(b))*	**–**	(98,808)
Weighted average number of ordinary shares at 31 December	**1,220,348,000**	1,222,391,192

11 EARNINGS PER SHARE *(continued)*

(b) Diluted earnings per share

For the year ended 31 December 2022, the effect of conversion of share option scheme of the Group was anti-dilutive.

For the year ended 31 December 2021, the diluted earnings per share was calculated based on the profit attributable to ordinary equity shareholders of the Company of RMB510,088,000 and 1,222,399,442 shares which is the weighted average number of shares in issue during the year plus the weighted average number of 8,250 shares deemed to be issued at no consideration if all outstanding options had been exercised.

12 INVESTMENT PROPERTIES

	Leased properties RMB'000	Leasehold improvements RMB'000	Total RMB'000
Cost:			
At 1 January and 31 December 2021 and 31 December 2022	**133,490**	**12,539**	**146,029**
Less: accumulated depreciation:			
At 1 January 2021	20,768	1,787	22,555
Charge for the year	10,119	867	10,986
At 31 December 2021 and 1 January 2022	30,887	2,654	33,541
Charge for the year	**10,119**	**867**	**10,986**
At 31 December 2022	**41,006**	**3,521**	**44,527**
Net book value:			
At 31 December 2022	**92,484**	**9,018**	**101,502**
At 31 December 2021	102,603	9,885	112,488

Note: The Group leased certain service apartments located in Shenzhen, mainland China, 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:

	2022 RMB'000	2021 RMB'000
Within 1 year	**8,438**	8,557
After 1 year but within 2 years	**3,758**	4,238
After 2 years but within 3 years	**2,696**	3,383
After 3 years but within 4 years	**1,035**	2,359
After 4 years but within 5 years	**871**	1,035
After 5 years	**–**	871
	16,798	20,443

As at 31 December 2022, the fair value of the Group's investment properties was approximately RMB122,700,000 (2021: RMB131,200,000) 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.

13 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement RMB'000	Office equipment and furniture RMB'000	Machinery equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Sub-total RMB'000	Right-of-use assets – other leased properties RMB'000	Total RMB'000
Cost:								
At 1 January 2021	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	(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
Additions	4,553	9,730	1,827	403	46	16,559	8,450	25,009
Transfer	300	–	–	–	(300)	–	–	–
Acquisitions of subsidiaries *(Note 33)*	519	6,644	799	2,834	–	10,796	3,262	14,058
Disposals	–	(1,645)	(229)	(292)	–	(2,166)	(11,246)	(13,412)
At 31 December 2022	62,079	36,619	6,821	4,173	–	109,692	34,116	143,808
Less: accumulated depreciation:								
At 1 January 2021	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	(616)	(1,359)	(843)	(250)	–	(3,068)	(1,018)	(4,086)
Written back on disposals	–	(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
Charge for the year	6,763	4,599	809	316	–	12,487	10,534	23,021
Acquisitions of subsidiaries *(Note 33)*	342	5,626	93	2,447	–	8,508	610	9,118
Written back on disposals	–	(1,317)	(185)	(231)	–	(1,733)	(10,956)	(12,689)
At 31 December 2022	36,585	24,428	2,514	3,036	–	66,563	23,499	90,062
Net book value:								
At 31 December 2022	25,494	12,191	4,307	1,137	–	43,129	10,617	53,746
At 31 December 2021	27,227	6,370	2,627	724	254	37,202	10,339	47,541

14 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	2022 RMB'000	2021 RMB'000
Properties leased as investment properties, carried at amortised cost	12	**92,484**	102,603
Properties leased for own use, carried at amortised cost	13	**10,617**	10,339
		103,101	112,942

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

	Note	2022 RMB'000	2021 RMB'000
Depreciation charge of right-of-use assets by class of underlying assets:			
– Investment properties, carried at depreciated cost		**10,119**	10,119
– Properties leased for own use, carried at depreciated cost	(a)	**10,534**	11,082
		20,653	21,201
Interest on lease liabilities	7(a)	**7,061**	7,854
Expense relating to short-term leases		**32,189**	26,957
Variable lease payments not including in the measurement of lease liabilities	(b)/7(c)	**78,768**	59,062

(a) 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.

(b) During the year ended 31 December 2022, 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 80% (2021: 30% to 70%) 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 2022, 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 RMB3,938,000 (2021: RMB2,953,000).

15 INTANGIBLE ASSETS

	Uncompleted property management contracts RMB'000	Customer relationships RMB'000	Software RMB'000	Total RMB'000
Cost:				
At 1 January 2021	63,680	–	7,956	71,636
Additions	–	–	4,943	4,943
Disposal of subsidiaries	(21,920)	–	–	(21,920)
At 31 December 2021 and 1 January 2022	**41,760**	**–**	**12,899**	**54,659**
Additions	**–**	**–**	**1,815**	**1,815**
Acquisitions of subsidiaries *(Note 33)*	**14,675**	**355,238**	**214**	**370,127**
At 31 December 2022	**56,435**	**355,238**	**14,928**	**426,601**
Less: accumulated amortisation:				
At 1 January 2021	13,275	–	4,159	17,434
Charge for the year	11,194	–	1,785	12,979
Disposal of subsidiaries	(9,815)	–	–	(9,815)
At 31 December 2021 and 1 January 2022	**14,654**	**–**	**5,944**	**20,598**
Charge for the year	**13,238**	**22,726**	**2,504**	**38,468**
Acquisitions of subsidiaries *(Note 33)*	**–**	**–**	**77**	**77**
At 31 December 2022	**27,892**	**22,726**	**8,525**	**59,143**
Net book value:				
At 31 December 2022	**28,543**	**332,512**	**6,403**	**367,458**
At 31 December 2021	27,106	–	6,955	34,061

Uncompleted property management contracts and customer relationships were acquired as part of business combinations (see note 33 for details). They are recognised at their fair value at the date of acquisitions and are subsequently amortised on a straight-line basis over the estimated contract lives. Fair values of these uncompleted property management contracts and customer relationships at the date of acquisitions were determined by the directors of the Company with reference to the valuation performed by JLL, an independent qualified professional valuer. Methods and key assumptions in determining the fair values of uncompleted property management contracts and customer relationships recognised during the year as at acquisition date are disclosed as below:

	Valuation technique	Discount rate (after-tax)	Contracted amortisation period of the intangible assets
Uncompleted property management contracts in Henan Huangjin	Discounted cash flow model	14.5%	2.88 years
Uncompleted property management contracts and customer relationships in Beijing Global	Discounted cash flow model	13.0%	2.25 or 12.25 years
Customer relationships in Shenzhen Xingyi Investment Co., Ltd. (深圳市興益投資有限公司), ("Shenzhen Xingyi")	Discounted cash flow model	14.1%	11.56 years

16 GOODWILL

	RMB'000
Cost:	
At 1 January 2021	271,722
Disposal of subsidiaries	(230,284)
At 31 December 2021 and 1 January 2022	**41,438**
Acquisitions of subsidiaries *(Note 33)*	**212,008**
At 31 December 2022	**253,446**
Accumulated impairment losses:	
At 1 January 2021, 31 December 2021 and 1 January 2022	**–**
Impairment loss recognised	**(28,159)**
At 31 December 2022	**(28,159)**
Carrying value:	
31 December 2022	**225,287**
31 December 2021	41,438

To expand the scale of operations in target cities, the Group acquired Beijing Global, Henan Huangjin and Shenzhen Xingyi and its subsidiary ("Shenzhen Xingyi Group") from independent third parties, respectively, which are engaged in providing property management service in Beijing, Henan and Sichuan provinces, mainland China.

Goodwill acquired in business combinations is allocated, at acquisitions, to the cash generated units ("CGUs") of Wuhan Huanmao Property Management Co., Ltd. (武漢環貿物業管理有限公司) ("Wuhuan Huanmao"), Henan Huangjin, Shenzhen Xingyi and groups of CGUs being commercial property management projects in Beijing arising from the acquisition of Beijing Global as below:

	2022	2021
	RMB'000	RMB'000
Beijing Global and relevant projects	**101,885**	–
Shenzhen Xingyi Group	**72,632**	–
Wuhan Huanmao	**41,438**	41,438
Henan Huangjin	**37,491**	–
	253,446	41,438

(Expressed in Renminbi unless otherwise indicated)

16 GOODWILL *(continued)*

Impairment testing for CGUs containing goodwill

Management performed impairment testing on goodwill as at 31 December 2022. The recoverable amounts of CGUs of Wuhan Huanmao, Beijing Global and relevant projects, Henan Huangjin and Shenzhen Xingyi Group are 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 similar key assumptions. The calculation use pre-tax cashflow projections based on financial budgets approved by management covering a five-year period. Wuhan Huanmao has the projection period of 8 years which is 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 CGUs 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.

The key assumptions are set out as follows:

As at 31 December 2022

	Beijing Global and relevant projects	**Shenzhen Xingyi Group**	**Wuhan Huanmao**	**Henan Huangjin**
Annual growth rate of revenue	**4.2%**	**3.0%**	**1.2%-2.3%**	**2.0-5.1%**
Gross margin (% of revenue)	**50.1%**	**48.0%**	**44.2%-46.8%**	**12.6%**
Long-term growth rate	**3.0%**	**3.0%**	**2.0%**	**2.0%**
Pre-tax discount rate	**18.29%**	**17.12%**	**23.98%**	**20.81%**

As at 31 December 2021

	Wuhan Huanmao
Annual growth rate of revenue	1.5% – 9.7%
Gross margin (% of revenue)	51.8% – 55.7%
Long-term growth rate	2.0%
Pre-tax discount rate	22.20%

Based on the results of impairment testing for CGUs containing goodwill, the carrying amount of Beijing Global and relevant projects CGU was determined to be higher than its recoverable amount of RMB28,159,000 and an impairment loss of the same amount was recognised in profit or loss for the year. After the provision for impairment on goodwill, the carrying amount of Beijing Global and relevant projects was reduced to RMB73,726,000. Following the impairment loss recognised in the Group's Beijing Global and relevant projects CGU, the recoverable amount was equal to the carrying amount. Therefore, any adverse movement in a key assumption would lead to further impairment.

16 GOODWILL *(continued)*

Impairment testing for CGUs containing goodwill *(continued)*

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

	2022 RMB'000	2021 RMB'000
Shenzhen Xingyi Group	17,630	N/A
Wuhan Huanmao	1,928	8,058
Henan Huangjin	3,701	N/A

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

As at 31 December 2022

	Shenzhen Xingyi Group	Wuhan Huanmao	Henan Huangjin
Decrease in annual growth rate	1.71%	0.22%	0.08%
Decrease in gross margin rate	3.85%	0.80%	0.29%
Decrease in long-term growth rate	2.40%	0.62%	1.07%
Increase in pre-tax discount rate	1.45%	0.50%	0.79%

As at 31 December 2021

	Wuhan Huanmao
Decrease in annual growth rate	0.94%
Decrease in gross margin rate	3.92%
Decrease in long-term growth rate	2.94%
Increase in pre-tax discount rate	2.09%

(Expressed in Renminbi unless otherwise indicated)

17 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	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%	100%	-	Investment holding
Excellence (Hong Kong) Commercial Property Services Co., Limited	Hong Kong ("HK")	HKD77,775,759	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)(c)*	mainland China	HKD361,220,000	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)(c)*	mainland China	RMB228,000,000	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)(c)*	mainland China	RMB229,950,000	100%	-	100%	Property management services
Shenzhen Shenghengda Construction Technology Group Co., Ltd. ("Shenghengda Construction") (former name: Shenzhen Shenghengda Electrical Equipment Co., Ltd.) 深圳市盛恒達建设科技集団有限公司 (曾用名：深圳市盛恒達機電設備有限公司) *(a)(c)*	mainland China	RMB50,000,000	100%	-	100%	Electrical and mechanical installation engineering; Construction of intelligent building engineering

(Expressed in Renminbi unless otherwise indicated)

17 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	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Shenzhen Zhuopin Business Service Co., Ltd. 深圳市卓品商務服務有限公司 *(a)(c)*	mainland China	RMB1,000,000	100%	-	100%	Air ticket booking hotel booking services; hotel management consulting
Shenzhen Zhuotou Micro-lending Co., Ltd. 深圳市卓投小額貸款有限責任公司 *(a)(c)*	mainland China	RMB300,000,000	100%	-	100%	Financial 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)(c)*	mainland China	RMB3,000,000	51%	-	51%	Property management services
Henan Huangjin Property Management Co., Ltd. 河南黃錦物業管理有限公司 *(a)(c)*	mainland China	RMB5,066,000	51%	-	51%	Property management services

Notes:

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

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

(c) The entities are registered under the PRC law as limited liability companies.

18 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 2022	Effective interest held by the Group As at 31 December 2021	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*	mainland China	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*	mainland China	RMB26,250,000	25%	25%	Trading

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

	2022 RMB'000	2021 RMB'000
Carrying amount of the associates	13,053	12,609
Amounts of the Group's share of the associates'		
Profit for the year	1,524	1,387
Other comprehensive income	–	–
Total comprehensive income	1,524	1,387

19 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 2022	Effective interest held by the Group As at 31 December 2021	Principal activity
Qingdao Huiyun Industry Service Co., Ltd. ("Qingdao Huiyun") 青島慧雲產業服務有限公司 *(a)(b)*	mainland China	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 *(a)(b)*	mainland China	RMB3,000,000	**58%**	58%	Property management services

(a) These mainland China 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.

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

	2022 RMB'000	2021 RMB'000
Aggregate carrying amounts of individually immaterial joint ventures	**8,377**	45,382
Aggregate amounts of the Group's share of the joint ventures'		
Profit for the year	**822**	7,450
Other comprehensive income	**–**	–
Total comprehensive income	**822**	7,450

Note: In January 2022, the Group acquired additional 2% equity interest in Henan Huangjin which was previously joint venture of the Group. Subsequent to the acquisition, the Group obtained control over Henan Huangjin and Henan Huangjin became subsidiary of the Group (see note 33).

20 TRADE AND OTHER RECEIVABLES

	Note	2022 RMB'000	2021 RMB'000
Current			
Trade receivables	(a)		
– Related parties		400,361	140,680
– Third parties		616,923	420,757
		1,017,284	561,437
Less: loss allowance		(81,575)	(43,214)
		935,709	518,223
Other receivables, net of loss allowance			
– Related parties		14,953	20,152
– Third parties	(b)	218,251	503,391
		233,204	523,543
Financial assets measured at amortised cost		1,168,913	1,041,766
Deposits and prepayments		145,241	93,203
		1,314,154	1,134,969
Non-current			
Prepayment for proposed acquisition of a subsidiary		–	166,582
Consideration receivables related to disposal of subsidiaries	(b)	–	70,000
		–	236,582

Notes:

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

(b) As at 31 December 2022, 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, out of which RMB100,000,000 was settled subsequent to year end.

20 TRADE AND OTHER RECEIVABLES *(continued)*

Ageing analysis

As at 31 December 2022, 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:

	2022 RMB'000	2021 RMB'000
Within 6 months	**750,362**	452,372
6 months to 1 year	**150,556**	43,055
1 to 2 years	**31,060**	20,393
2 to 3 years	**3,731**	2,403
	935,709	518,223

Further details on the Group's credit policy and credit risk arising from trade and other receivables are set out in note 34(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)).

21 FINANCIAL ASSET MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 RMB'000	2021 RMB'000
Unlisted equity investment	**120,000**	–

During the year, the Group obtained 15% equity interest in an unlisted company which engaged in carpark sales business at a consideration of RMB120,000,000. The directors consider that the Group neither has neither significant influence nor control over the investment and designated the investment as financial asset measured at fair value through profit or loss.

22 INVENTORIES

	Note	2022 RMB'000	2021 RMB'000
Properties held for sale	(a)	**5,871**	–
Customised software	(b)	**23,013**	–
Others	(c)	**24,030**	4,886
		52,914	4,886

Notes:

(a) Properties held for sale represent right-of-use assets relating to car parking places purchased by the Group for selling purpose.

(b) The Group provides customised software as part of the intelligent community solution to customers and the inventory comprises related materials, supplies, labour cost and other direct costs incurred during the production progress.

(c) Others mainly represent the uninstalled equipment during rendering of equipment installation service.

23 LOANS RECEIVABLE

	2022 RMB'000	2021 RMB'000
Unguaranteed and unsecured	**10,000**	18,000
Unguaranteed and secured	**23,859**	43,810
Guaranteed and secured	**51,600**	273,104
Gross loans receivable	**85,459**	334,914
Less: loss allowance	**(17,638)**	(18,900)
	67,821	316,014

Notes:

(a) As of 31 December 2022, loans provided by the Group to third parties from micro-lending business are interest bearing at rates ranging from 7.2%-24.0% (2021: 7.2%-24.0%) per annum, and recoverable within one year.

(b) Credit risk arising from the loans receivable are elaborated in note 34(a).

23 LOANS RECEIVABLE *(continued)*

As at 31 December 2022, the aging analysis of loans receivable based on due date and credit quality (note 34(a)) is set out below:

	As at 31 December 2022			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Current (not past due)	**28,559**	**–**	**–**	**28,559**
Overdue over 3 months but within 6 months	**–**	**–**	**25,750**	**25,750**
Overdue over 6 months but within one year	**–**	**–**	**17,000**	**17,000**
Overdue over one year	**–**	**–**	**14,150**	**14,150**
Subtotal	**28,559**	**–**	**56,900**	**85,459**
Less: loss allowance	**(568)**	**–**	**(17,070)**	**(17,638)**
Total	**27,991**	**–**	**39,830**	**67,821**

	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

Note: As at 31 December 2022, loans receivable classified at Stage 3 of RMB41,800,000 (2021: RMB4,800,000) were guaranteed and secured by properties held by customers, and loans receivable of RMB15,100,000 (2021: RMB11,100,000) classified at Stage 3 were unguaranteed and secured by properties held by customers.

24 RESTRICTED DEPOSITS

	Note	2022 RMB'000	2021 RMB'000
Cash collected on behalf of the property owners' associations *(a)*	27	**18,505**	26,604
Housing maintenance funds received *(b)*	27	**14,079**	6,792
Other restricted deposits *(c)*		**24,631**	–
		57,215	33,396

Notes:

(a) The Group collects cash on behalf of property owners' associations in its property services business. Since 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.

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

(c) Other restricted deposits mainly represent the amounts collected on behalf of the customers in Group's property management service business and guaranteed deposits in respect of tendering of property management projects.

25 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	2022 RMB'000	2021 RMB'000
Cash in hand	**1,364**	119
Cash at banks and other financial institutions *(Note)*	**2,563,064**	3,007,181
	2,564,428	3,007,300

Note: As at 31 December 2022, cash and cash equivalents situated in the mainland China amounted to RMB2,508,565,000 (2021: RMB2,506,968,000). Remittance of funds out of the mainland China is subject to relevant rules and regulations of foreign exchange control.

25 CASH AND CASH EQUIVALENTS *(continued)*

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

	Note	2022 RMB'000	2021 RMB'000
Profit before taxation		600,028	765,735
Adjustments for:			
Interest income from bank deposits and other financial institutions	5(a)	(44,990)	(29,138)
Depreciation and amortisation	7(c)	72,475	46,824
Share of profits less losses of associates	18	(1,524)	(1,387)
Share of profits less losses of joint ventures	19	(822)	(7,450)
Finance costs	7(a)	9,136	20,705
Gain on previously held interest in a joint venture upon taken control	5(b)	(4,499)	–
Net gain on investment in wealth management products	5(b)	(377)	(1,667)
Net loss/(gain) on disposal of property, plant and equipment	5(b)	3	(81)
Gain on disposal of subsidiaries	5(b)	–	(5,009)
Net foreign exchange gain	5(b)	(6,495)	(1,336)
Impairment losses on trade and other receivables	6	37,766	10,112
(Reversals of)/impairment losses on loans receivable	6	(1,262)	2,466
(Reversals of)/impairment losses on contract assets	6	(100)	320
Impairment loss on financial guarantee issued	6	47,771	–
Impairment loss on goodwill	16	28,159	–
Equity-settled share-based payment	30	(6,514)	9,942
Changes in working capital:			
Decrease in loans receivable		249,455	50,056
Increase in trade and other receivables		(475,158)	(257,368)
Increase in inventories		(48,028)	(2,576)
Decrease/(increase) in contract assets		7,455	(16,004)
(Decrease)/increase in contract liabilities		(59,479)	140,199
Increase in trade and other payables		32,120	247,149
(Increase)/decrease in restricted deposits		(12,530)	5,200
Cash generated from operations		422,590	976,692

25 CASH AND CASH EQUIVALENTS *(continued)*

(c) Reconciliation of liabilities arising from financing activities:

	Bank loans and other borrowing RMB'000	Lease liabilities RMB'000	Interest payable RMB'000	Total RMB'000
At 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 7(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	(4,000)	(5,944)	–	(9,944)
Total other changes	(4,000)	4,974	12,851	13,825
At 31 December 2021 and 1 January 2022	**75,000**	**131,747**	**196**	**206,943**
Changes from financing cash flows:				
Repayments of bank and other borrowing	**(75,000)**	**–**	**–**	**(75,000)**
Capital element of lease rentals paid	**–**	**(17,738)**	**–**	**(17,738)**
Interest element of lease rentals paid	**–**	**(7,061)**	**–**	**(7,061)**
Interest paid	**–**	**–**	**(2,271)**	**(2,271)**
Total changes from financing cash flows	**(75,000)**	**(24,799)**	**(2,271)**	**(102,070)**
Other changes:				
Interest expense *(Note 7(a))*	**–**	**7,061**	**2,075**	**9,136**
Increase in lease liabilities from entering into new leases during the year	**–**	**8,450**	**–**	**8,450**
Disposals	**–**	**(180)**	**–**	**(180)**
Acquisitions of subsidiaries *(Note 33)*	**–**	**2,651**	**–**	**2,651**
Total other changes	**–**	**17,982**	**2,075**	**20,057**
At 31 December 2022	**–**	**124,930**	**–**	**124,930**

25 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:

	2022 RMB'000	2021 RMB'000
Within operating cash flows	101,233	86,019
Within financing cash flows	24,799	22,905
	126,032	108,924

These amounts relate to the following:

	2022 RMB'000	2021 RMB'000
Lease rentals paid	126,032	108,924

26 CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	2022 RMB'000	2021 RMB'000
Contract assets		
Arising from performance under construction contracts	8,329	15,684
Receivables from contracts with customers within the scope of HKFRS 15, which are included in "Trade and other receivables"	129,249	77,587

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 34(a).

26 CONTRACT ASSETS AND CONTRACT LIABILITIES *(continued)*

(b) Contract liabilities

	2022 RMB'000	2021 RMB'000
Property management services	**163,822**	216,236

Movements in contract liabilities are as follows:

	2022 RMB'000	2021 RMB'000
At 1 January	**216,236**	81,628
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year	**(201,230)**	(76,773)
Disposal of subsidiaries	**–**	(5,591)
Acquisitions of subsidiaries *(Note 33)*	**7,065**	–
Net increase in contract liabilities as a result of cash received for property management services in advance	**141,751**	216,972
At 31 December	**163,822**	216,236

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 RMB60,688,000 (2021: RMB126,413,000) from its related parties as at 31 December 2022.

27 TRADE AND OTHER PAYABLES

	Note	2022 RMB'000	2021 RMB'000
Current			
Trade payables	(a)		
– Related parties		43,251	38,895
– Third parties		357,530	289,783
		400,781	328,678
Other payables			
– Related parties		27,862	27,497
– Third parties		81,492	77,503
		109,354	105,000
Consideration payables for business combinations		31,605	15,400
Cash collected on behalf of property owners' association	24	18,505	26,604
Housing maintenance funds held on behalf of property owners	24	14,079	6,792
Interest payable		–	196
Financial liabilities measured at amortised cost		574,324	482,670
Payments received for proposed disposal of a subsidiary	(b)	–	305,095
Accrued payroll and other benefits		191,696	177,439
Deposits		114,628	90,128
Accrued charges		25,863	22,009
		906,511	1,077,341
Non-current			
Payable related to purchase for a joint venture		–	800

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) In prior years the Group received advance payment of RMB305,950,000 from a related party in respect of proposed disposal of Shenzhen Zhuotou Micro-lending Co., Ltd. (深圳市卓投小額貸款有限責任公司). During the year the disposal was terminated and the advanced payment was returned to the related party.

Ageing analysis

As at 31 December 2022, the ageing analysis of trade payables, based on invoice date is as follows:

	2022 RMB'000	2021 RMB'000
Within 1 month	181,573	202,950
1 to 3 months	96,926	59,079
3 to 6 months	46,328	25,057
6 to 12 months	28,270	9,282
Over 12 months	47,684	32,310
	400,781	328,678

28 FINANCIAL GUARANTEE ISSUED

	RMB'000
At 1 January 2022	–
Acquisition of a subsidiary *(Note 33)*	14,600
Impairment loss recognised *(Note 6)*	47,771
At 31 December 2022	62,371

Beijing Global, a subsidiary newly acquired by the Group during the year has provided guarantee in respect of a loan borrowed by the vendor. The amount represents the expected payments to reimburse the loan holder for a credit loss that it incurs less any amount that the Group expects to receive from the realisation of pledged assets.

Further details on background of the financial guarantee issued and the Group's credit policy and credit risk arising from financial guarantee issued are set out in note 33(ii) and 34(a) respectively.

29 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at each reporting date:

	2022		2021	
	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	13,413	19,805	14,006	20,763
After 1 year but within 2 years	7,790	13,682	9,476	15,605
After 2 years but within 5 years	23,038	38,179	19,661	35,952
After 5 years	80,689	95,764	88,604	108,306
	111,517	147,625	117,741	159,863
	124,930	167,430	131,747	180,626
Less: total future interest expenses		(42,500)		(48,879)
Present value of lease liabilities		124,930		131,747

At 31 December 2022, the above balance included lease liabilities in respect of certain leasehold properties leased from related parties of the Group of RMB513,000 (2021: RMB4,946,000).

(Expressed in Renminbi unless otherwise indicated)

30 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.

(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	33.3%, 33.3% and 33.4% exercisable after the publication of annual report of the Company for the year ended 31 December 2021, 2022 and 2023 respectively, subject to the eligible participants' performance as the conditions of vesting	5 years
Options granted to employees:			
– on 9 September 2020	10,800,000	33.3%, 33.3% and 33.4% exercisable after the publication of annual report of the Company for the year ended 31 December 2021, 2022 and 2023 respectively, subject to the eligible participants' performance as the conditions of vesting	5 years
Total share options granted	28,200,000		

(b) The number and weighted average exercise prices of share options are as follows:

	2022		2021	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at the beginning of the year	$5.36	25,705,159	$5.36	28,200,000
Forfeited during the year	$5.36	(10,089,159)	$5.36	(2,494,841)
Outstanding at the end of the year	$5.36	15,616,000	$5.36	25,705,159
Exercisable at the end of the year		–		–

The options outstanding at 31 December 2022 have an exercise price of HK$5.36 and a weighted average remaining contractual life of 2.6 years (2021: 3.6 years).

31 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	2022 RMB'000	2021 RMB'000
Corporate Income Tax		
Prepaid tax	5,214	770
Current taxation	(78,389)	(90,896)
	(73,175)	(90,126)
The movement of Corporate Income Tax are as follows:		
At 1 January	(90,126)	(55,749)
Charged to profit or loss	(203,866)	(218,568)
Disposal of subsidiaries	–	17,555
Acquisitions of subsidiaries *(Note 33)*	(9,686)	–
Payments during the year	230,503	166,636
At 31 December	(73,175)	(90,126)

(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								
	Impairment losses RMB'000	Unused tax losses RMB'000	Right-of-use assets RMB'000	Accrued expenses RMB'000	Uncompleted property management contracts RMB'000	Customer relationships RMB'000	Withholding tax RMB'000	Other temporary difference RMB'000	Total RMB'000
At 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	(110)	(8)	(42)	(434)	3,025	–	–	–	2,431
At 31 December 2021 and 1 January 2022	17,303	444	6,055	5,288	(6,777)	–	(6,981)	–	15,332
Credited/(charged) to profit or loss	20,966	912	999	(46)	3,310	4,979	298	(1,125)	30,293
Acquisitions of subsidiaries *(Note 33)*	462	–	–	251	(3,669)	(76,845)	–	–	(79,801)
At 31 December 2022	38,731	1,356	7,054	5,493	(7,136)	(71,866)	(6,683)	(1,125)	(34,176)

(ii) Reconciliation to the consolidated statement of financial position

	2022 RMB'000	2021 RMB'000
Net deferred tax assets recognised in the consolidated statements of financial positions	52,634	29,016
Net deferred tax liabilities recognised in the consolidated statements of financial positions	(86,810)	(13,684)
	(34,176)	15,332

31 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

(c) Deferred tax assets not recognised:

Deferred tax assets have not been recognised in respect of the following items:

	2022	2021
	RMB'000	RMB'000
Unused tax losses	**41**	249

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.

Pursuant to the relevant laws and regulations in the mainland China, the unrecognised tax losses at 31 December 2022 will expire in the following years:

	2022	2021
	RMB'000	RMB'000
2022	**–**	25
2023	**–**	6
2024	**–**	6
2025	**–**	2
2026	**8**	210
2027	**33**	–
	41	249

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.

(d) Deferred tax liabilities not recognised:

The PRC 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 mainland China enterprise is entitled to a reduced withholding tax rate of 5%. As at 31 December 2022, the Group did not provide for deferred tax liabilities on profits generated by certain of its mainland China subsidiaries amounting to RMB497,401,000 (2021: RMB343,480,000) 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.

32 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

Authorised share capital

The authorised share capital of the Company is HKD50,000,000 divided into 5,000,000,000 shares with the par value of HK$0.01 each.

Issued share capital

	2022			2021		
	Number of shares ('000)	HK$	RMB	Number of shares ('000)	HK$	RMB
Ordinary shares, issued and fully paid:						
At 1 January	1,222,490	12,224,900	10,496,360	1,222,490	12,224,900	10,496,360
Shares cancelled	(2,142)	(21,418)	(17,431)	–	–	–
At 31 December	1,220,348	12,203,482	10,478,929	1,222,490	12,224,900	10,496,360

(b) Repurchase of shares

In 2021, 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 completed the cancellation procedures for all the repurchased own shares.

32 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 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 year	–	–	–	–	(83,089)	313,190	230,101
2020 final dividends *(Note 32(e))*	–	–	–	–	–	(97,793)	(97,793)
2021 interim dividends *(Note 32(e))*	–	–	–	–	–	(188,840)	(188,840)
Pre-IPO equity-settled share-based payment *(Note 30)*	–	–	16,712	–	–	–	16,712
Forfeiture of share options *(Note 30)*	–	–	(6,770)	–	–	–	(6,770)
Repurchase of shares *(Note 32(b))*	–	–	–	(8,100)	–	–	(8,100)
Balance at 31 December 2021 and balance on 1 January 2022	10,496	2,949,636	22,798	(8,100)	(144,480)	18,002	2,848,352
Changes in equity for 2022:							
Total comprehensive income for the year	–	–	–	–	255,551	327,625	583,176
2021 final dividend declared in respect of the previous year *(Note 32(e))*	–	–	–	–	–	(172,801)	(172,801)
2022 interim dividend declared in respect of the current year *(Note 32(e))*	–	–	–	–	–	(155,472)	(155,472)
Pre-IPO equity-settled share-based payment *(Note 30)*	–	–	6,840	–	–	–	6,840
Forfeiture of share options *(Note 30)*	–	–	(13,354)	–	–	–	(13,354)
Cancellation of repurchased own shares *(Note 32(b))*	(17)	(8,083)	–	8,100	–	–	–
Balance at 31 December 2022	10,479	2,941,553	16,284	–	111,071	17,354	3,096,741

32 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 mainland China 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).

(e) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year ended 31 December 2022:

	2022 RMB'000	2021 RMB'000
Interim dividend declared and paid after the interim period of HK14.60 cents per ordinary share	**155,472**	188,840
Final dividend proposed after the end of financial reporting period of HK6.09 cents per ordinary share (2021: HK17.38 per ordinary share)	**64,740**	172,801
	220,212	361,641

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.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:

	2022 RMB'000	2021 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK17.38 cents per ordinary share (2021: HK9.51 cents per ordinary share)	**172,801**	97,793

32 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 2022, asset-liability ratio of the Group is follows:

	2022	2021
	RMB'000	RMB'000
Asset-liability ratio	**28%**	32%

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.

33 BUSINESS COMBINATIONS

(a) In 2021, the Group entered into a sale and purchase agreement with independent third parties for the acquisition of 75% of equity interest in Beijing Global with an aggregate cash consideration of RMB225,000,000. According to the supplemental agreement, the vendors agreed to offset the purchase consideration by net amount due from the vendors of RMB36,213,000 in January 2022.

(b) The Group previously held 49% equity interest in Henan Huangjin, which has been accounted for as a joint venture using equity method. In January 2022, the Group obtained control of Henan Huangjin through acquisition of additional 2% equity interests from a third party with cash consideration of RMB2,080,000.

(c) In July 2022, the Group entered into a sale and purchase agreement with an independent third party for the acquisition of 83% of equity interest in Shenzhen Xingyi Group with an aggregate cash consideration of RMB189,428,000.

33 BUSINESS COMBINATIONS *(continued)*

The effect of these acquisitions on the Group's assets and liabilities is set out as below:

	Notes	RMB'000
Cash and cash equivalents		60,031
Restricted deposits		11,289
Property, plant and equipment		4,940
Intangible assets	(i)	370,050
Interests in a joint venture		490
Trade and other receivables		42,221
Deferred tax assets		713
Trade and other payables		(92,925)
Contract liabilities		(7,065)
Deferred tax liabilities		(80,514)
Lease liabilities		(2,651)
Financial guarantee issued	(ii)	(14,600)
Current taxation		(9,686)
Non-controlling interests	(iii)	(70,681)
Fair value of net identified assets acquired, net of non-controlling interests		211,612
Goodwill arising from the acquisitions	16	212,008
Fair value of the Group's previously held equity interest at the date of acquisition		(43,325)
Total cash consideration		380,295

Notes:

(i) Intangible assets include identified uncompleted property management contracts of approximately RMB14,675,000 and customer relationships of approximately RMB355,238,000.

(ii) Before the acquisition of Beijing Global, one of the vendors borrowed a loan from a financial institution with a principal amount of RMB180,000,000. The principal of the loan and accrued interest was jointly guaranteed by Beijing Global and several other entities related to that vendor and secured by a property held by one of the other guarantors. The guarantee still existed upon the acquisition of Beijing Global. By reference of valuation of an external valuer, the directors estimated that at the acquisition date the fair value of the financial guarantee amounted to RMB14,600,000, which is recorded as part of the identifiable liabilities upon acquisition. The financial guarantee was remeasured as at 31 December 2022 and resulting in a further loss of RMB47,771,000 (see note 28).

(iii) The Group recognised the non-controlling interests based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquirees.

(iv) The goodwill arose from the acquisitions was mainly attributable to the expected synergies from combining the operations of the Group and the acquirees.

33 BUSINESS COMBINATIONS *(continued)*

Net cash outflow arising on acquisitions during the year ended 31 December 2022:

	RMB'000
Total cash consideration	380,295
Less: consideration prepaid in 2021 *(note 20)*	(166,582)
Less: consideration payables offset by trade and other receivables due from the vendors	(5,108)
Less: consideration payables to be paid subsequent to year end	(16,205)
Consideration paid during the year	192,400
Less: cash and cash equivalents acquired	(60,031)
Net cash outflow on acquisitions	132,369

The aggregate revenue and profits generated from the acquirees from the respective acquisition dates to 31 December 2022 are as follows:

	RMB'000
Revenue	274,175
Profit for the period	48,673

Had the above acquisitions been completed on 1 January 2022, the total Group's revenue and profit for the year ended 31 December 2022 would be as follows:

	RMB'000
Revenue	3,555,077
Profit for the year	435,521

34 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 FVPL, trade and other receivables and loans receivable. Financial liabilities of the Group include interest-bearing 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.

34 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. In relation to the past-due balance included in the other receivables as at 31 December 2022, the debtors' delay in repayment is due to the impact of the COVID-19 pandemic outbreak at the end of the year. The management of the Group considers that the credit risk is low based on the improvement of the pandemic situation and continuous partial settlement of the counterparty, and thus the loss allowance is immaterial.

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.

34 FINANCIAL RISK MANAGEMENT *(continued)*

(a) Credit risk *(continued)*

Trade and other receivables (continued)

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:

At 31 December 2022	Expected loss rate	Gross carrying amount RMB'000	Loss allowance RMB'000
Trade receivables – Non-residential properties			
Within 6 months	1.6%	724,525	11,525
6 months to 1 year	2.5%	133,907	3,285
1 to 2 years	35.7%	34,689	12,371
2 to 3 years	68.0%	11,675	7,944
Over 3 years	100.0%	13,036	13,036
		917,832	48,162
Trade receivables – Residential properties			
Within 1 year	13.8%	66,448	9,151
1 to 2 years	47.4%	16,616	7,872
2 to 3 years	100.0%	3,863	3,863
Over 3 years	100.0%	12,525	12,525
		99,452	33,413
		1,017,284	81,575
Other receivables	0.6%	376,141	2,304
		1,393,425	83,879

34 FINANCIAL RISK MANAGEMENT *(continued)*

(a) Credit risk *(continued)*

Trade and other receivables (continued)

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	10.4%	21,834	2,281
2 to 3 years	45.7%	4,427	2,024
Over 3 years	100.0%	8,764	8,764
		512,526	15,433
Trade receivables – Residential properties			
Within 1 year	28.9%	28,531	8,241
1 to 2 years	87.2%	6,540	5,700
2 to 3 years	100.0%	4,225	4,225
Over 3 years	100.0%	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

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).

34 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

	2022 RMB'000	2021 RMB'000
At 1 January	44,394	40,318
Impact of acquisition of subsidiaries	1,849	–
Impairment loss recognised	37,766	10,112
Write-off	(130)	(554)
Disposal of subsidiaries	–	(5,482)
At 31 December	83,879	44,394

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).

34 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:

At 31 December 2022	**Expected loss rate**	**Gross carrying amount**	**Loss allowance**
Loans receivable			
– Stage 1	**2.0%**	**28,559**	**568**
– Stage 3	**30.0%**	**56,900**	**17,070**
		85,459	**17,638**

At 31 December 2021	Expected loss rate	Gross carrying amount	Loss allowance
Loans receivable			
– Stage 1	4.3%	316,264	13,480
– Stage 2	23.6%	2,750	650
– Stage 3	30.0%	15,900	4,770
		334,914	18,900

The movement in the allowance for impairment of loans receivable during the year is as follows:

Impairment of loans receivable

	2022 RMB'000	2021 RMB'000
At 1 January	**18,900**	16,434
Impairment loss recognised	**–**	2,466
Impairment loss reversed	**(1,262)**	–
At 31 December	**17,638**	18,900

34 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 2022:

At 31 December 2022	Category	Expected loss rate	Gross carrying amount RMB'000	Loss allowance RMB'000
Contact assets				
Stage 1	Not credit-impaired	2.6%	8,549	220

At 31 December 2021	Category	Expected loss rate	Gross carrying amount RMB'000	Loss allowance RMB'000
Contact assets				
Stage 1	Not credit-impaired	2.0%	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.

Financial guarantee issued

The financial guarantee issued represents the guarantee on a loan and interest of the loan jointly guaranteed by Beijing Global and several other entities as set out in note 33(ii). The loan was overdue during the year. The Group actively liaised with the borrower of the loan and holder of the guarantee so as to minimise its exposure to the guarantee.

34 FINANCIAL RISK MANAGEMENT *(continued)*

(a) Credit risk *(continued)*

Financial guarantee issued (continued)

The financial guarantee issued was determined at an amount equal to the ECL allowance measured on a lifetime basis, since the underlying loan was credit-impaired as at 31 December 2022. Management assessed the ECL allowance for the financial guarantee issued based on the expected payments including additional interest and penalty on overdue payments to reimburse the holder of the financial guarantee, taking into account the liquidation value of the pledged property. Management's assessment of the liquidation value of the pledged property is based on valuation prepared by JLL, an external property valuer which considers market prices of comparable properties and liquidity discount. The expected net cash outflow is discounted at 4.79%.

The following table provides information about the Group's exposure to credit risk and ECLs for financial guarantee issued as at 31 December:

	Carrying amount RMB'000	Lifetime loss allowance (credit-impaired) RMB'000
At 1 January 2022	–	–
Acquisition of a subsidiary	14,600	–
Impairment loss recognised	47,771	47,771
At 31 December 2022	62,371	47,771

(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 2022					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount at 31 December RMB'000
Lease liabilities	19,805	13,682	38,179	95,764	167,430	124,930
Trade and other payables (excluding deposits, accrued payroll and other benefits and accrued charges)	574,324	–	–	–	574,324	574,324
Financial guarantee issued *(Note)*	230,375	–	–	–	230,375	62,371
	824,504	13,682	38,179	95,764	972,129	761,625

34 FINANCIAL RISK MANAGEMENT *(continued)*

(b) Liquidity risk *(continued)*

	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
Interest-bearing borrowing	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

Note: The financial guarantee issued represents the maximum contractual payments to the holder before taking into account the realisable value of the relevant pledged assets.

(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 2022 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. The Group considers the risk of movements in exchange rates to be insignificant except for dividends distributed by a mainland China-resident enterprise to its immediate holding company outside the mainland China. Almost all of the Group's operating activities are carried out in the mainland China 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.

34 FINANCIAL RISK MANAGEMENT *(continued)*

(e) Fair value measurement

(i) Fair value hierarchy

The following table presents 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, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

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

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

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

		Fair value measurements as at 31 December 2022 categorised into		
	Fair value at 31 December 2022 RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurements				
Assets:				
– Unlisted equity investment	120,000	–	–	120,000

The fair value of unlisted equity investment is considered approximated to the cost since transaction date is relatively close to the measurement date.

(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 amortised cost are not materially different from their fair values at 31 December 2022 and 2021.

35 COMMITMENTS

Commitments outstanding not provided for in the financial statements were as follows:

	2022 RMB'000	2021 RMB'000
Property, plant and equipment	**24,253**	21,287
Intangible assets	**6,209**	9,101
	30,462	30,388

36 CONTINGENCIES

On 9 November 2022, Excellence Property Management, an indirect wholly owned subsidiary of the Company was served with a notice of arbitration issued by the Shanghai Arbitration Commission and the other relevant documents in relation to a dispute in respect of acquisition of 40% equity interest in a project company ("the Project Company") which is currently 60% held by a disposed subsidiary of the Group ("the Disposed Subsidiary"), involving the Disposed Subsidiary and Excellence Property Management, as the respondents, and the beneficial owners of the 40% equity interest in the Project Company, as the applicants.

The applicants alleged that the Disposed Subsidiary, as an agent of Excellence Property Management, failed to acquire all the 40% equity interest in the Project Company owned by the applicants and claimed against the Disposed Subsidiary and Excellence Property Management to:

(i) pay the applicants RMB20.8 million being damages for the breach of the agreement;

(ii) acquire all the equity interest in the Project Company owned by the applicants at a cash consideration calculated based on 40% of the audited net profit of the Project Company for the year ended 31 December 2020, multiplied by 12; and

(iii) costs.

The Group has engaged legal advisors to handle the arbitration. Up to the date of these financial statements, no arbitral award was granted. The directors believed that Excellence Property Management should not be involved as a respondent under the arbitration and since the result of the arbitration cannot be estimated reliably as the date of these financial statements, no provision in respect of the arbitration was recognised.

37 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 and value-added services to Excellence Group and other related parties that included companies that were owned by or under significant influence of the Ultimate Controlling Shareholder and chairman of the board of the Group. The properties management service and value-added services revenue for the year ended 31 December 2022 were RMB182,116,000 (2021: RMB102,308,000) and RMB454,574,000 (2021: RMB506,474,000) respectively. The amount of trade receivables, contract assets and contract liabilities at 31 December 2022 were RMB400,361,000 (2021: RMB140,680,000), RMB8,268,000 (2021: RMB15,684,000) and RMB60,688,000 (2021: RMB126,413,000) respectively.

(ii) The Group purchased maintenance and other services as well as goods from related parties that included companies that were owned or under significant influence by Ultimate Controlling Shareholder and chairman of the board of the Group. The cost incurred in this regard for the year ended 31 December 2022 was RMB3,732,000 (2021: RMB2,982,000) and the amount payable at 31 December 2022 was RMB20,000 (2021: RMB234,000).

(iii) The Group entered into leases agreements in respect of certain leasehold properties from its related parties that included companies that were owned or under significant influence by Ultimate Controlling shareholder and chairman of the board of the Group. The amounts of lease payments by the Group under these leases for the year ended 31 December 2022 were RMB80,216,000 (2021: RMB57,635,000). The outstanding rent payable at 31 December 2022 was RMB43,639,000 (2021: RMB43,607,000).

(iv) The Group entered into certain carparks purchase agreements with Excellence Group and other related parties that included companies that were owned by or under significant influence of the Ultimate Controlling Shareholder and chairman of the board of the Group. The Group paid RMB33,529,000 (2021: RMB Nil) to acquire carparks from these companies during the year ended 31 December 2022. The prepayment for uncompleted carparks for the year ended 31 December 2022 was RMB27,000,000 (2021: RMB Nil).

(v) The Group paid IT system support service fee of RMB9,476,000 (2021: RMB Nil) to Excellence Group during the year ended 31 December 2022.

37 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 9 and certain of the highest paid employees as disclosed in note 10, is as follows:

	2022 RMB'000	2021 RMB'000
Salaries, allowances and benefits in kind	9,196	6,699
Discretionary bonuses	3,433	6,839
Retirement scheme contributions	305	140
Equity-settled share-based payment	(5,363)	8,053
	7,571	21,731

Total remuneration is included in "staff costs" (see note 7(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.

38 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	2022 RMB'000	2021 RMB'000
Non-current asset		
Investment in a subsidiary	85,759	85,083
Other receivables	2,950,320	2,257,328
	3,036,079	2,342,411
Current assets		
Restricted deposits	14,154	–
Cash and cash equivalents	55,131	512,706
	69,285	512,706
Current liability		
Other payables	8,623	6,765
Net current assets	60,662	505,941
Net assets	3,096,741	2,848,352
Share capital	10,479	10,496
Reserves	3,086,262	2,837,856
TOTAL EQUITY	3,096,741	2,848,352

39 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the board of the directors proposed a final dividend. Further details are disclosed in note 32(e).

40 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2022, the directors consider the ultimate controlling party and the immediate parent of the Group is Mr. Li Wa and Urban Hero respectively.

(Expressed in Renminbi unless otherwise indicated)

41 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2022

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2022 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 17, *Insurance contracts*	1 January 2023
Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current*	1 January 2023
Amendments to HKAS 1, *Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies*	1 January 2023
Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*	1 January 2023
Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*	1 January 2023

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December				
	2018 RMB'000	2019 RMB'000	2020 RMB'000	2021 RMB'000	**2022 RMB'000**
Revenue	1,223,186	1,836,019	2,525,087	3,467,066	**3,527,396**
Cost of sales	(928,947)	(1,402,573)	(1,861,275)	(2,507,439)	**(2,683,050)**
Gross profit	294,239	433,446	663,812	959,627	**844,346**
Other revenue	3,197	17,467	22,970	45,518	**66,736**
Other net gain/(loss)	2,260	(2,147)	35,350	7,345	**11,150**
Impairment losses on receivables, contract assets and issued financial guarantees	(9,320)	(13,625)	(14,320)	(12,898)	**(84,175)**
Impairment loss on goodwill	–	–	–	–	**(28,159)**
Selling and marketing expenses	(8,217)	(7,024)	(15,419)	(18,637)	**(28,936)**
Administrative expenses	(76,691)	(96,776)	(194,667)	(203,352)	**(174,144)**
Profit from operations	205,468	331,341	497,726	777,603	**606,818**
Finance costs	(1,303)	(20,482)	(29,535)	(20,705)	**(9,136)**
Share of profit of an associate	859	887	1,212	1,387	**1,524**
Share of profits less losses of joint ventures	6,246	5,001	7,346	7,450	**822**
Profit before taxation	211,270	316,747	476,749	765,735	**600,028**
Income tax	(54,711)	(83,182)	(120,827)	(218,254)	**(173,573)**
Profit for the year	156,559	233,565	355,922	547,481	**426,455**
Attributable to:					
Equity shareholders of the Company	125,773	178,510	324,987	510,088	**403,494**
Non-controlling interests	30,786	55,055	30,935	37,393	**22,961**
Profit for the year	156,559	233,565	355,922	547,481	**426,455**
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)	**(22,759)**
Total comprehensive income for the year	156,579	233,575	300,301	481,456	**403,696**
Attributable to:					
Equity shareholders of the Company	125,789	178,518	269,366	444,063	**380,735**
Non-controlling interests	30,790	55,057	30,935	37,393	**22,961**
Total comprehensive income for the year	156,579	233,575	300,301	481,456	**403,696**
Earnings per share (RMB cents)					
Basic	N/A	19.8	33.7	41.7	**33.1**
Diluted	N/A	19.8	33.6	41.7	**33.1**

Five-Year Financial Summary

CONSOLIDATED ASSETS, EQUITY AND LIABILITIES

	As at 31 December				
	2018 RMB'000	2019 RMB'000	2020 RMB'000	2021 RMB'000	**2022 RMB'000**
Assets					
Non-current assets	115,443	589,233	595,740	559,117	**942,057**
Current assets	1,265,330	1,962,630	4,334,214	4,513,019	**4,070,075**
Total assets	1,380,773	2,551,863	4,929,954	5,072,136	**5,012,132**
Equity and liabilities					
Total equity	362,787	455,875	3,256,286	3,466,432	**3,589,299**
Non-current liabilities	16,083	221,521	430,678	132,225	**198,327**
Current liabilities	1,001,903	1,874,467	1,242,990	1,473,479	**1,224,506**
Total liabilities	1,017,986	2,095,988	1,673,668	1,605,704	**1,422,833**
Total equity and liabilities	1,380,773	2,551,863	4,929,954	5,072,136	**5,012,132**