建發物業管理集團有限公司
C&D Property Management Group Co., Ltd
(Incorporated in the British Virgin Islands with limited liability)
Stock Code: 2156

ANNUAL REPORT

2021 ANNUAL REPORT

國內一流的城市空間運營服務商
a first class urban service operator in the PRC

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This annual report is made in English and Chinese. In the case of any inconsistency, the English version shall prevail.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Qiao Haixia *(Chief Executive Officer)*
Mr. Huang Danghui

Non-executive Directors

Mr. Zhuang Yuekai *(Chairman)*
Mr. Lin Weiguo

Independent Non-executive Directors

Mr. Cheung Kwok Kwan, J.P.
Mr. Lee Cheuk Yin Dannis
Mr. Li Kwok Tai James
Mr. Wu Yat Wai

AUDIT COMMITTEE

Mr. Lee Cheuk Yin Dannis *(Committee Chairman)*
Mr. Cheung Kwok Kwan, J.P.
Mr. Li Kwok Tai James
Mr. Wu Yat Wai

REMUNERATION COMMITTEE

Mr. Wu Yat Wai *(Committee Chairman)*
Mr. Zhuang Yuekai
Mr. Cheung Kwok Kwan, J.P.
Mr. Lee Cheuk Yin Dannis
Mr. Li Kwok Tai James

NOMINATION COMMITTEE

Mr. Zhuang Yuekai *(Committee Chairman)*
Mr. Cheung Kwok Kwan, J.P.
Mr. Lee Cheuk Yin Dannis
Mr. Li Kwok Tai James
Mr. Wu Yat Wai

COMPANY SECRETARY

Ms. Leung Ching Ching *(FCG, HKFCG)*

AUTHORISED REPRESENTATIVES

Ms. Qiao Haixia
Ms. Leung Ching Ching *(FCG, HKFCG)*

REGISTERED OFFICE

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P.O. Box 3340
Road Town, Tortola
British Virgin Islands ("BVI")

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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HEADQUARTERS AND REGISTERED OFFICE IN THE PEOPLE'S REPUBLIC OF CHINA ("PRC")

Unit 703, 7th Floor
C&D International Building
No.1699 Huandao East Road
Xiamen, PRC

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE BVI

Tricor Services (BVI) Limited
2/F, Palm Grove House
P.O. Box 3340
Road Town, Tortola
BVI

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

AUDITOR

Grant Thornton Hong Kong Limited

CORPORATE INFORMATION

COMPLIANCE ADVISER
China Industrial Securities International Capital Limited

LEGAL ADVISER AS TO HONG KONG LAWS
King & Wood Mallesons

PRINCIPAL BANKER
Bank of China

COMPANY'S WEBSITE
www.cndservice.com
(the contents of which do not form part of this annual report)

STOCK CODE
2156

* The English translation of the name of the companies established in the PRC is for reference only. The official names of the companies are in Chinese.

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present the annual report of C&D Property Management Group Co., Ltd ("C&D Property" or the "Company", and together with its subsidiaries, the "Group") for the year ended 31 December 2021 (the "Year"):

I. ANALYSIS ON ECONOMIC LANDSCAPE

In 2021, the global political and economic system has been in flux, and the epidemic continues to reoccur amidst the turmoil, bringing even greater challenges to the property industry. Although the external environment is more complex, the government's support and care for the property industry can be seen in the policy side: in early 2021, the Ministry of Housing and Urban-Rural Development and other ten ministries issued the "Notice on Strengthening and Improving Residential Property Management by the Ministry of Housing and Urban-Rural Development and Other Departments (《住房和城鄉建設部等部門關於加強和改進住宅物業管理工作的通知》)", which clarified the crux of the industry and the direction of improvement, and encouraged property enterprises to extend value-added services in the areas of elderly care, housekeeping and childcare, laying a good policy ground for the diversified development of the industry.

Facing the complex external environment and favorable policy opportunities, the Group has not forgotten its original intention and actively seized the opportunities. With the philosophy of "developing new value of services and making life better", the Group will continue to create value for customers, employees, shareholders and the society by providing high quality and reputable services.

II. RESULTS AND DIVIDEND

During the Year, the Group achieved operating revenue of approximately RMB1,556.6 million, representing a year-on-year increase of 51.3%, among which, revenue from property management services was approximately RMB758.6 million, representing a year-on-year increase of approximately 31.1%; revenue from community value-added and synergy services was approximately RMB254.0 million, representing a year-on-year increase of approximately 110.8%; revenue from value-added services to non-property owners was approximately RMB544.0 million, representing a year-on-year increase of approximately 65.0%. The Group recorded a significant growth in revenue, mainly due to the continuous optimization of the Group's revenue structure and the significant growth in value-added services during the performance period. The Group continued to optimize the management structure, deepen the cultivation of talents and focus on the improvement of per capita efficiency, combined with information technology to continue to reduce costs and increase efficiency, and achieved a healthy trend of double growth in revenue and profit, realizing a profit attributable to owners of the Group of RMB159.4 million for the year, representing an increase of 50.2% year-on-year.

The board of directors of the Company (the "Board") recommended to declare a final dividend of HK$0.06 per share of the Company in respect of the Year, subject to the approval of the annual general meeting of the Company (the "AGM").

III. BUSINESS REVIEW

During the Year, under the leadership of the board of directors of the Company and by focusing on business directions of "strengthening foundation, adjusting structure, and promoting growth (夯基礎，調結構，促增長)", the Company continued to maintain healthy growth in management scale and revenue margins healthy and quality growth.

(1) Strengthening the foundation to continuously improve the quality of services

The Group insisted on focusing customer service, continued to upgrade its service products, graded its service system and renewed its service values, continuously strengthened its service foundation and improved its service quality, and ranked among the top in the industry with a satisfaction rating of 91 for property services during the Year. The Group was also honoured as one of the "Top 100 Property Management Companies in the PRC" and ranked 32 (2021中國物業服務百強企業)", ranked 34 in the "2021 Top 100 Property Management Companies in terms of Service Capabilities" 2021中國物業服務力百強企業", "36th in the 2021 Top 50 Integrated Strength Property Management Companies in China (2021中國物業服務企業綜合實力50強)" and " 2021 Top 100 Brand Value Property Management Companies in China (2021中國物業服務企業品牌價值100強)", which further enhanced its brand awareness.

(2) Multi-measures to accelerate the orderly growth of management scale

During the Year, the Group continued to increase its market expansion efforts by multi-measures such as independent expansion, strategic cooperation, merger and acquisition and equity cooperation. In addition to stabilizing its services with the existing strategic partners, the Group also started cooperation with small and medium-sized developers in various regions on a trial basis, and the acquisition of 51% equity interest in Luoyang Quanshun Property Service Company Limited* (洛陽泉舜物業服務有限公司) ("Quanshun Property") was completed during the Year.

In order to create a more diversified property portfolio, the Group continued to develop property services for schools, hospitals and industrial parks. During the Year, the Group successfully signed contracts for 16 non-residential projects, including Xiang'an Campus of Xiamen University and Longyan Third Hospital.

As at 31 December 2021, the Group's contracted GFA was approximately 73.9 million sq.m., representing an increase of 26.7 million sq.m. over last year (including approximately 9.9 million sq.m. of new contracted GFA from third parties, representing a year-on-year increase of approximately 102.4%); the GFA under management was approximately 33.0 million sq.m., representing a year-on-year increase of approximately 28.9%; contracted reserved area was approximately 40.8 million sq.m., representing a year-on-year increase of approximately 89.1%. The increase in contracted GFA was significant higher than increase in GFA under management, resulting in larger reserved area, establishing foundation for future growth.

(3) Optimising structure to deepen value-added priority services in the communities

Benefiting from the rapid growth in management scale, the number of owners served by the Group has also been increasing. As at 31 December 2021, the number of owners and residents served by the Group exceeded 200,000, which has also laid a good foundation for the Group to develop value-added and collaborative community services. During the Year, the Group deepened its business for the at-the-close order (尾盤) sales services and housekeeping services as well as and promoted the full-scale development of its home beauty service. Through the continuous optimization of the platform of "C&D Property Zhenxuan* (建發物業臻選)", the contribution of the above four key value-added businesses to the community value-added and synergy services segment increased by 6.3 percentage points to 29.2%, with an increase in revenue of approximately RMB46.7 million, showing a remarkable achievement.

As for intelligent technology and elderly care, Xiamen Zhaohui Internet Technology Company Limited*(廈門兆慧網絡科技有限公司), a wholly-owned subsidiary of the Company, has been certified as a "National High-tech Enterprise", and its three product lines of smart community, smart park and smart engineering are becoming increasingly mature; Xiamen Bairui Health Industry Company Limited* (廈門市佰睿健康產業有限公司), a subsidiary of the Company, has cooperated with Hong Ai Rehabilitation Hospital and actively explored the integration of medical and elderly care.

(4) Upgrading the structure to improve management efficiency

In 2020, the Group completed the establishment of a three-tier organizational structure, which clearly defined and clarified the division of labor and responsibilities at each level. In 2021, in addition to further optimizing and upgrading the structure, the Group continued to strengthen the functional construction of the headquarters and regional companies. It also further enhanced management effectiveness by sorting out project lifecycle operation standards, building "traffic light" evaluation system for projects and cadre evaluation system, focusing on key actions, unifying standards and targets across the board, and combining incentive measures to ensure owner satisfaction.

(5) Digital construction and intelligent systems to support business cost reduction and efficiency

Through digital process construction, we effectively promoted the application of intelligent systems such as electronic invoices, electronic receipts, and intelligent POS to realize automatic reconciliation between financial income and banks and automatic accounting; completed the upgrade of human resources system and promoted payroll automation to reduce the burden of the front line and reduce costs and improve efficiency.

(6) Gathering our strength and practicing the responsibility of state-owned enterprises to actively fight the epidemic

A cluster of COVID-19 infections occurred in Xiamen on the eve of the Mid-Autumn Festival in 2021, and the Group actively responded to the call by undertaking the renovation of government subsidized housing into off-site isolation sites and the logistical support for the prevention of the epidemic at the isolation sites. With the unremitting efforts of all the staff working day and night, the goal of smooth transformation and delivery of isolation sites and "zero infection and zero accident" in logistics and epidemic prevention was achieved, providing a strong guarantee for the city and even the province's victory in the fight against epidemics.

IV. STRATEGY AND PROSPECT

With the stable and positive industry policies, the overall prosperity of the property management industry remains high and there is ample room for the future. The Group is strategically determined to consolidate quality resources, enrich its business structure, strengthen its profitability, improve its service quality and build its brand reputation to create more value for its shareholders and the society by focusing on the business direction of "strengthening the foundation, enhancing quality, improving efficiency and promoting growth (夯基礎，提品質，提效益，促增長)".

(1) Refining the quality of property management services and deepening the construction of the graded service system

The Group will continue to focus on customer satisfaction, consolidate service quality, form a regular service quality evaluation system and continuously stabilize and improve customer satisfaction. The Group will continue to deepen the hierarchical service system and strengthen the standardization construction. In addition to clarifying the work interface, we will accelerate the digital process sorting, simplify key actions, optimize the depth of training and enhance reproducibility, and will gradually promote it throughout the nation.

(2) Successful delivery and expanding business scale in various aspects

Facing increasing delivery areas, the Group will proactively complete the delivery work successfully to achieve a smooth transition and enhance customer delivery experience and satisfaction. The Group will continue its market expansion strategy of "deep plowing Fujian, incubating Central and East China, cultivating South China and Henan" to strengthen the concentration of projects under management in advantageous regions and expand its business scale in various aspects, which includes:

1. continue to strengthen equity cooperation with government departments and state-owned enterprises;

2. proactively explore market opportunities and participate in tenders to continuously acquire projects;

3. work closely with developers to seek more strategic cooperation opportunities;

4. be prudent and selectively participate in the M&A market, focusing on companies that are consistent with our brand image and market positioning, allowing the Group to increase its service offerings and management profile, and having a reasonable valuation.

(3) Deepening focus on value-added services to continuously improve penetration rate

The Group will continue to cultivate key businesses such as real estate brokerage and asset management services, home beauty services, housekeeping and retail to continue to increase its penetration rate; incubate innovative local lifestyle service product lines to enhance customer stickiness and meet customers' diversified lifestyle needs; deepen the integration of medical and health care and expedite the opening of Hong Ai Rehabilitation Hospital (Yibai Branch); as for smart community services, the Group will enhance the standardization and marketability of various product series and accelerate external expansion.

(4) Iterative upgrade of information system to improve efficiency and ensure safe operation

The Group will build a standardized, automated and intelligent digital back-office system through continuous iterative upgrading to provide strong support for the overall operational efficiency and improve management effectiveness. By using cloud video, AI identification and unattended equipment, we will build an intelligent security system to ensure safe operation.

(5) Establishing transparent and efficient capital market communication channels

The Group will actively establish communication mechanisms with domestic and overseas investors, stabilize and expand its investor base, establish efficient communication channels with the capital market and maintain a high level of transparency in corporate governance.

V. APPRECIATION

The continuous development of the Company's business in future will depend on the trust and support from all our shareholders, investors and business partners, as well as the dedication and diligence of our entire staff, especially frontline staff staying firmly at their positions during the pandemic and guarded every household. I would like to express my gratitude on behalf of the Board.

C&D Property Management Group Co., Ltd
Zhuang Yuekai
Chairman and Non-executive Director

Hong Kong, 25 March 2022

1. MARKET REVIEW

In the past two years, with the gradual control of the epidemic in China, the overall economic environment has gradually stabilized and the property management industry in China has gradually returned to stable development. The Chinese government has a high level of concern for the property management industry, since 2020, six ministries, including the Ministry of Housing and Urban-Rural Development, have jointly issued the "Opinions on Promoting Property Service Enterprises to Develop Home Community Elderly Care Services* (《關於推動物業服務企業發展居家社區養老服務的意見》)" and "Opinions on Promoting Property Service Enterprises to Accelerate the Development of Online and Offline Living Services* (《關於推動物業服務企業加快發展綫上綫下生活服務的意見》)", while ten ministries, including the Ministry of Housing and Urban-Rural Development, have jointly issued the "Circular on Strengthening and Improving Residential Property Management* (《關於加強和改進住宅物業管理工作的通知》)", which support the property management industry to match quality with price, encourage property management companies to explore various value-added services, develop innovative businesses and broaden the scope of services, thus bringing more possibilities for the development of property management enterprises.

In 2021, the Company expanded the size of its professional team in market development and community value-added and synergy services to cope with the demand for expanded and new businesses, and responded to the government's policy guidance by vigorously promoting the Company's online purchasing platform "C&D Property Selection* (建發物業甄選)". In terms of the market, we completed our first merger and acquisition and made a breakthrough in property management services for schools, hospitals and government buildings. At the same time, we have expanded our community value-added and synergy services, including but not limited to: (1) in the area of value-added community services, we have actively expanded our social business channels, such as sales services for developers' end-of-sale properties; (2) in the area of smart community services, we have continued to polish our three product lines of smart community, smart home and smart engineering, have obtained more than 40 software copyrights and patents, and successfully passed the "National High-tech Enterprise" recognition; and (3) in the area of elderly-care & health value-added services, we continue to strengthen our original strengths, gradually enhancing the details of care, adding special elderly care services, customer care and medical services, and improving occupancy rates.

2. BUSINESS REVIEW

(1) Overview

In April 2021, we were honoured to be named one of the "Top 100 Property Management Companies in the PRC" by China Index Academy and ranked 32 in terms of overall strength in the industry, improving by four places as compared with 2020. In May 2021, we were also awarded honourable title of "2021 Top 100 of Property Management Service Enterprises in terms of Brand Value in the PRC* (2021中國物業服務企業品牌價值100強)" by Shanghai Yiju Real Estate Research Institute* (上海易居房地產研究院) and China Real Estate Appraisal Centre* (中國房地產測評中心). Through upholding our service philosophy of "exploring new service values to make a better living experience* (開拓服務新價值，讓生活更美好)", we envisage to become an outstanding property management services provider in the PRC and are committed to becoming "a first class urban service operator in the PRC* (國內一流的城市空間運營服務商)".

As at 31 December 2021, our property management portfolio covered 49 cities across 16 provinces, municipalities and autonomous regions in the PRC, including tier-one cities, such as Beijing, Shanghai, Guangzhou and Shenzhen. Our contracted GFA was approximately 73.9 million sq.m., among which, the GFA under management reached approximately 33.0 million sq.m.. As at 31 December 2021, we provided services to over 200,000 property units.

Our three main business lines, namely, (i) property management services; (ii) community value-added and synergy services; and (iii) value-added services to non-property owners, have formed an integrated service offering to our customers and have covered the entire value chain of property management.

(2) Property Management Services

We provided a range of property management services to property owners and residents of our managed properties as well as property developers, including greening, gardening and order maintenance for public areas, cleaning, parking management, repair and maintenance services for public facilities, etc.. Our property management portfolio covered residential properties and non-residential properties, including commercial and office buildings, industrial parks, government buildings and public facilities, hospitals and schools, etc.. We charged property management fees primarily on a lump-sum basis, with a comparatively fewer amount of total revenue charged on a commission basis.

For the Year, our Group's revenue from property management services was approximately RMB758.6 million, representing an increase of approximately 31.1% from approximately RMB578.5 million for the year ended 31 December 2020. The increase in revenue from property management services was primarily driven by the fast growth of our total GFA under management.

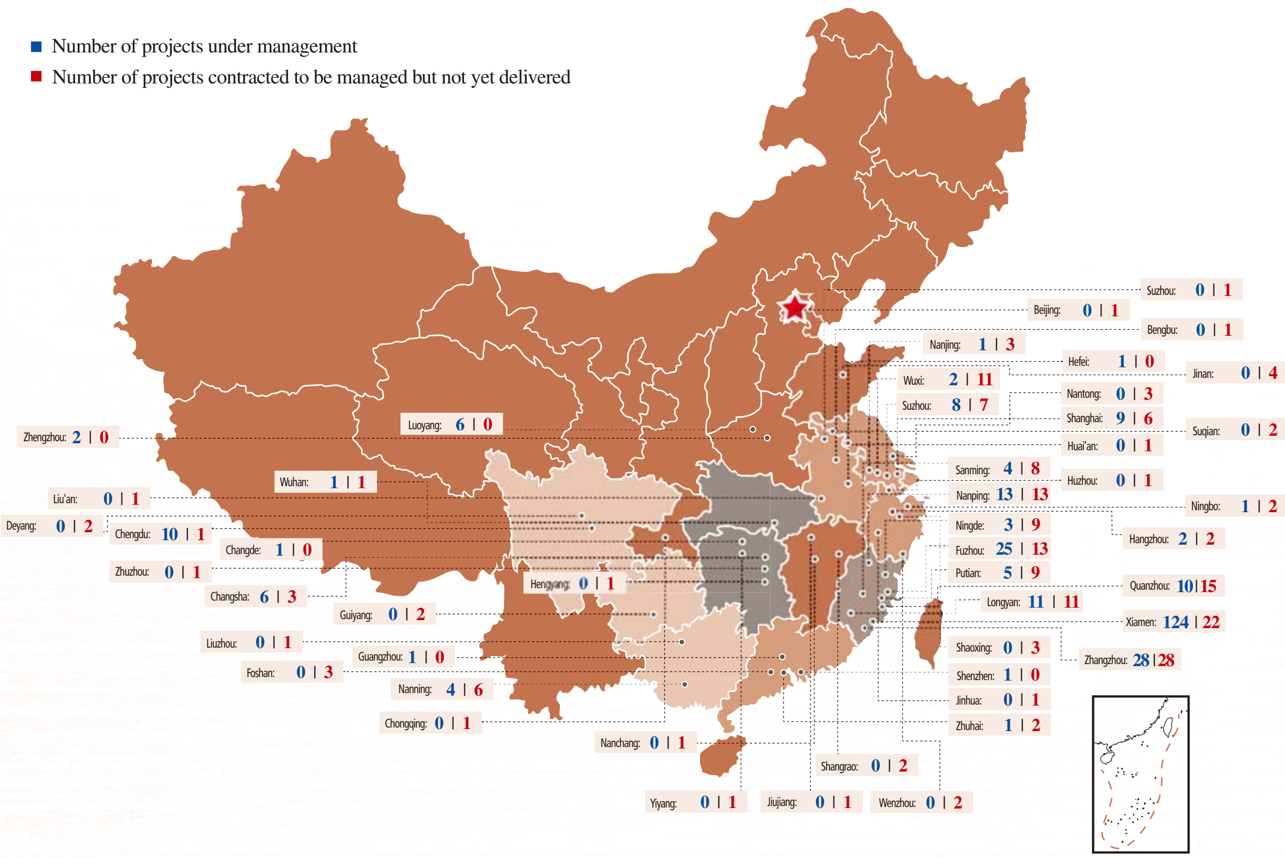
GFA and the number of projects

As at 31 December 2021, we had contracted GFA of approximately 73.9 million sq.m., and our number of contracted projects was 489, representing an increase of approximately 56.6% and 48.2% respectively as compared with those as at 31 December 2020 (as at 31 December 2020: approximately 47.2 million sq.m., and the number of projects was 330). As at 31 December 2021, the GFA under management reached approximately 33.0 million sq.m., and number of projects under management was 280, representing an increase of approximately 28.9% and 27.9% respectively as compared with those as at 31 December 2020 (as at 31 December 2020: approximately 25.6 million sq.m., and the number of projects was 219).

Geographic Coverage

As at 31 December 2021, we had 489 contracted projects covering 49 cities across 16 provinces, municipalities and autonomous regions in the PRC, with 280 projects under management, covering 26 cities, serving over 200,000 property units.

The map below illustrates the geographic coverage of the properties under our management as at 31 December 2021 in terms of (i) contracted GFA; and (ii) GFA under management, respectively:



The table below sets out breakdown of the contracted GFA and GFA under management by geographic region as at 31 December 2021 and 2020:

	As at 31 December			
	2021		2020	
	Contracted GFA *'000 sq.m.*	**GFA under management** *'000 sq.m.*	Contracted GFA *'000 sq.m.*	GFA under management *'000 sq.m.*
Haixi *(Note 1)*	**30,305**	**16,893**	23,284	14,066
South-eastern China *(Note 2)*	**14,992**	**6,606**	10,330	5,550
Eastern China *(Note 3)*	**14,617**	**3,822**	7,255	3,107
Central China *(Note 4)*	**8,648**	**3,950**	4,728	2,813
Southern China *(Note 5)*	**3,346**	**445**	1,636	105
Henan *(Note 6)*	**1,963**	**1,323**	–	–
Total	**73,871**	**33,039**	47,233	25,641

Notes:

(1) As at 31 December 2021 and 2020, cities in Haixi included Xiamen, Longyan, Zhangzhou, Quanzhou and Putian.

(2) As at 31 December 2021, cities in South-eastern China included Fuzhou, Nanping, Sanming, Ningde, Beijing, Nanchang, Shangrao and Jiujiang. As at 31 December 2020, cities in South-eastern China included Fuzhou, Nanping, Sanming, Ningde, and Beijing.

(3) As at 31 December 2021, cities in Eastern China included Shanghai, Suzhou, Ningbo, Wuxi, Hefei, Hangzhou, Nanjing, cities in Nantong, Huzhou, Huai'an, Suqian, Bengbu, Suzhou (宿州), Jinan, Shaoxing, Wenzhou, Liu'an (六安) and Jinhua. As at 31 December 2020, cities in Eastern China included Shanghai, Suzhou, Wuxi, Hefei, Nanjing, Ningbo, Hangzhou and Nantong.

(4) As at 31 December 2021, cities in Central China included Changsha, Chengdu, Wuhan, Changde, Hengyang, Zhuzhou, Yiyang, Deyang and Chongqing. As at 31 December 2020, cities in Central China included Changsha, Chengdu, Wuhan and Leshan.

(5) As at 31 December 2021, cities in Southern China included Nanning, Guangzhou, Zhuhai, Shenzhen, Guiyang, Foshan and Liuzhou. As at 31 December 2020, Southern China included Nanning, Guangzhou, Zhuhai and Shenzhen.

(6) As at 31 December 2021, cities in Henan included Luoyang and Zhengzhou.

Source of Projects

As at 31 December 2021, the contracted GFA for property management services with the Company's controlling shareholder, Xiamen C&D and its subsidiaries, associates and joint ventures (excluding the Group) ("Xiamen C&D Group"), was approximately 44.0 million sq.m., representing an increase of approximately 61.8% from approximately 27.2 million sq.m. as at 31 December 2020.

While maintaining close business relationship with Xiamen C&D Group, we also took initiatives to further expand the scale of our property management service business and increase our market share in the industry through multiple channels. As at 31 December 2021, our contracted GFA for property management services with independent third parties was approximately 29.9 million sq.m., representing an increase of approximately 49.5% from approximately 20.0 million sq.m. as at 31 December 2020.

The table below sets out the Group's GFA under management as at 31 December 2021 and 2020 and the breakdown of our revenue from our property management services derived from property projects by property developers for each of the years ended 31 December 2021 and 2020:

	As at 31 December or for the year ended 31 December					
	2021			2020		
	GFA under management ***'000 sq.m.***	**Revenue** ***RMB'000***	**% of revenue**	GFA under management *'000 sq.m.*	Revenue *RMB'000*	% of revenue
Xiamen C&D Group	**18,986**	**443,494**	**58.5**	15,167	340,616	58.9
Independent third parties	**14,053**	**315,124**	**41.5**	10,474	237,845	41.1
Total	**33,039**	**758,618**	**100.0**	25,641	578,461	100.0

Types of Managed Properties

We historically focused on providing property management services to residential communities in the PRC, while we also endeavoured to diversify our property management portfolio by extending our services to an increasing variety of non-residential properties (including commercial and office buildings, industrial parks, government buildings and public facilities, hospitals and schools). As at 31 December 2021, our contracted GFA for non-residential properties was approximately 4.8 million sq.m., representing an increase of approximately 45.5% from approximately 3.3 million sq.m. as at 31 December 2020.

The table below sets out the Group's GFA under management as at 31 December 2021 and 2020 and the breakdown of our revenue from our property management services by type of property for each of the years ended 31 December 2021 and 2020:

	As at 31 December or for the year ended 31 December					
	2021			2020		
	GFA under management *'000 sq.m.*	**Revenue** *RMB'000*	**% of revenue**	GFA under management *'000 sq.m.*	Revenue *RMB'000*	% of revenue
Residential	**29,813**	**586,752**	**77.3**	23,173	425,136	73.5
Non-residential	**3,226**	**171,866**	**22.7**	2,468	153,325	26.5
Total	**33,039**	**758,618**	**100.0**	25,641	578,461	100.0

Revenue Model

We generally determined the revenue model of property management services based on the following factors, including but not limited to: (i) the type(s), scale(s) and location(s) of managed properties; (ii) the nature and scope of the services to be provided; (iii) expected personnel and material inputs; and (iv) arm's length negotiation with our customers. During the Year, we mainly charged property management fees on a lump-sum basis, while a few property management service projects were charged on commission basis.

The table below sets out the Group's GFA under management as at 31 December 2021 and 2020 and the breakdown of our revenue from our property management services by revenue model for each of the years ended 31 December 2021 and 2020:

	As at 31 December or for the year ended 31 December					
	2021			2020		
	GFA under management ***'000 sq.m.***	**Revenue** ***RMB'000***	**% of revenue**	GFA under management *'000 sq.m.*	Revenue *RMB'000*	% of revenue
Lump-sum basis	**32,407**	**734,612**	**96.8**	24,944	552,449	95.5
Commission basis	**632**	**24,006**	**3.2**	697	26,012	4.5
Total	**33,039**	**758,618**	**100.0**	25,641	578,461	100.0

(3) Community Value-added and Synergy Services

We provided a variety of community value-added and synergy services mainly by ourselves or third-party sub-contractors or service companies. The services mainly included: (i) home living services, such as housekeeping and cleaning services, repair and maintenance services and community group-purchasing services; (ii) home beauty services, providing turn-key move-in services* (拎包入住服務) with one-stop home beauty solutions for overall design, interior home furnishing and appliances installation and home furniture services, etc.; (iii) real estate brokerage and asset management services, including services for secondary sales or rental transactions of properties and/or car parking spaces and at-the-close order* (尾盤) sales services for unsold property units of the property developers; (iv) value-added services for public areas, including leasing out public areas and advertising spots; (v) elderly-care & health value-added services, mainly including the operation of C&D Yibai Elderly Care Centre* (建發溢佰養老中心) ("Yibai Centre"), an elderly care centre operated by the Group; and (vi) smart community services, mainly design and construction services of smart property management services and operation of our mobile application "Huishenghuo* (慧生活)".

The Group's revenue from community value-added and synergy services for the Year was approximately RMB254.0 million, representing an increase of approximately 110.8% from approximately RMB120.5 million for the year ended 31 December 2020. The increase was mainly due to the expansion of our customer base as a result of the increase in the area under management, as well as the continuous enrichment of our service offerings under the community value-added and synergy services, such as the at-the-close order* (尾盤) sales agency services and housekeeping services, the promotion of home beauty services, as well as the continuous enhancement of our online shopping platform "C&D Property Selection* (建發物業甄選)"; meanwhile, we are rapidly developing elderly-care & health value-added services, and smart community services.

The table below sets out the breakdown of our revenue derived from the provision of different types of community value-added and synergy services for each of the years ended 31 December 2021 and 2020:

	For the year ended 31 December			
	2021		2020	
	Revenue		Revenue	
	RMB'000	**%**	*RMB'000*	%
Smart community services	**53,990**	**21.3**	22,510	18.7
Home living services	**72,023**	**28.4**	40,798	33.8
Home beauty services	**18,113**	**7.1**	11,596	9.6
Real estate brokerage and asset management services	**48,302**	**19.0**	10,238	8.5
Value-added services for public areas	**39,225**	**15.4**	31,809	26.4
Elderly-care & health value-added services *(Note)*	**22,327**	**8.8**	3,577	3.0
Total	**253,980**	**100.0**	120,528	100.0

Note: As Xiamen Bairui Health Industry Company Limited* (廈門市佰睿健康產業有限公司) ("Xiamen Bairui"), the company responsible for operation of the Yibai Centre, became our subsidiary on 29 June 2020, hence the revenue from elderly-care & health value-added services before was not included.

(4) Value-added Services to Non-property Owners

We mainly provided (i) consultancy services to property developers and other non-property owners during the property development and construction stages on aspects such as project design and construction materials from the perspective of property management and operation and requirement of the property owners; and (ii) reception, order maintenance and cleaning services to property developers and other non-property owners at the pre-sales centres.

Our revenue from value-added services to non-property owners for the Year was approximately RMB544.0 million, representing an increase of approximately 65.0% from approximately RMB329.6 million for the year ended 31 December 2020. The increase was mainly due to an increase in number of projects developed by cooperative property developers which in turn resulted in an increased demand for value-added services to non-property owners.

The table below sets out the breakdown of our revenue from our value-added services to non-property owners for each of the years ended 31 December 2021 and 2020:

	For the year ended 31 December			
	2021		2020	
	Revenue		Revenue	
	RMB'000	**%**	*RMB'000*	%
Consultancy services	**7,358**	**1.4**	3,866	1.2
Reception, order maintenance and cleaning services	**536,689**	**98.6**	325,719	98.8
Total	**544,047**	**100.0**	329,585	100.0

3. FINANCIAL REVIEW

Revenue

Due to our continuous business development, the Group's revenue for the Year was approximately RMB1,556.6 million, representing an increase of approximately 51.3% from approximately RMB1,028.6 million for the year ended 31 December 2020.

The table below sets out the revenue of the Group by business line for each of the years ended 31 December 2021 and 2020:

	For the year ended 31 December			
	2021		2020	
	RMB'000	**%**	*RMB'000*	%
Property management services	**758,618**	**48.7**	578,461	56.3
Community value-added and synergy services	**253,980**	**16.3**	120,528	11.7
Value-added services to non-property owners	**544,047**	**35.0**	329,585	32.0
Total	**1,556,645**	**100.0**	1,028,574	100.0

Property management services were the Group's largest source of revenue. During the Year, the revenue from property management services was approximately RMB758.6 million, accounting for approximately 48.7% of total revenue. The increase in revenue from property management services was primarily driven by the fast growth of our total GFA under management. During the Year, our total GFA under management increased from approximately 25.6 million sq.m. as at 31 December 2020 to approximately 33.0 million sq.m. as at 31 December 2021, which was resulted from both our steady cooperation with cooperative property developers and our efforts to expand the third-party customer base.

The revenue from community value-added and synergy services increased by approximately 110.8% from approximately RMB120.5 million for the year ended 31 December 2020 to approximately RMB254.0 million for the Year, which was mainly due to the Group's further optimisation of the business structure.

The revenue from value-added services to non-property owners increased by approximately 65.0% from approximately RMB329.6 million for the year ended 31 December 2020 to approximately RMB544.0 million for the Year, which was mainly due to an increase in number of projects developed by cooperative property developers which in turn resulted in an increased demand for value-added services to non-property owners.

Cost of sales

Cost of sales increased by approximately 50.3% from approximately RMB776.9 million for the year ended 31 December 2020 to approximately RMB1,167.3 million for the Year, primarily due to the increase of various kinds of costs as a result of the scale-up of our business. The increase in cost of sales was mainly due to the increase of our management scale.

Gross profit

As a result of the above principal factors, the Group's gross profit increased by approximately 54.7% from approximately RMB251.7 million for the year ended 31 December 2020 to approximately RMB389.4 million for the Year, with gross profit margin of approximately 24.5% and 25.0% respectively. The increase in gross profit margin was mainly due to the significant increase in revenue from value-added services, which had a higher gross profit margin.

Other income

Other income decreased from approximately RMB26.2 million for the year ended 31 December 2020 to approximately RMB10.9 million for the Year, mainly due to the gains on change in fair value of financial assets at fair value through profit or loss for the corresponding period of the previous year, which was attributable to the fact that the subordinated tranche securities were redeemed in November 2020.

Selling and marketing expenses

For the Year, the Group's selling and marketing expenses increased from approximately RMB1.7 million for the year ended 31 December 2020 to approximately RMB3.8 million for the Year, mainly due to an increase of the promotion expenses.

Administrative and other operating expenses

The Group's administrative and other operating expenses mainly included staff cost, travelling and entertainment expenses, consultancy fee, telecommunication and utilities, depreciation, office expenses and other expenses (mainly including bank handling fees, gains and losses on disposal of assets, recruitment cost and insurance fees).

During the Year, the Group's total administrative and other operating expenses amounted to approximately RMB212.9 million, representing an increase of approximately 55.7% from approximately RMB136.7 million for the year ended 31 December 2020, which was mainly due to the growth of our business volume, increase in headcount and average wages of administration staff as well as increase in office expenses, consultancy fee and travelling and entertainment expenses due to expansion of our business scale.

Net provision for ECL allowance on trade and other receivables

The Group's net provision for ECL allowance on trade and other receivables increased from approximately RMB0.3 million for the year ended 31 December 2020 to approximately RMB0.5 million for the Year, mainly due to an increase in the other receivables.

Net finance income

The Group's net finance income mainly included interest income on bank deposit, interest income on amounts due from related parties, interest charges on receipts under securitisation arrangements, loss on early redemption on receipts under securitisation arrangements and lease liability interest relating to lease liabilities arising from leased properties used for the Group's office. During the Year, the Group's net finance income was approximately RMB21.5 million, representing an increase of approximately 36.9% as compared with approximately RMB15.7 million for the year ended 31 December 2020, mainly due to an increase in the interest income on bank deposit.

Profit before income tax

Due to the combined effect of the abovementioned factors, the profit before income tax of the Group for the Year was approximately RMB205.1 million, representing an increase of approximately 42.5% as compared with approximately RMB143.9 million for the year ended 31 December 2020.

Income tax expense

Income tax expense increased from approximately RMB37.0 million for the year ended 31 December 2020 to approximately RMB44.2 million for the Year, representing an increase of approximately 19.5%. The increase was mainly attributable to an increase in the Group's profit before tax due to growth of business.

Profit for the year attributable to equity holders of the Company

The profit for the year attributable to equity holders of the Company for the Year was approximately RMB159.4 million, representing an increase of approximately 50.2% as compared with approximately RMB106.1 million for the year ended 31 December 2020.

Property, plant and equipment

Property, plant and equipment of the Group mainly consisted of leasehold improvement, electronic equipment and other fixed assets. As at 31 December 2021, the Group's property, plant and equipment amounted to approximately RMB30.7 million, representing an increase of approximately 12.5% from approximately RMB27.3 million as at 31 December 2020, which was mainly due to the increase of the demand for electronic equipment as a result of the scale-up of our business.

Trade and other receivables

The Group's trade and other receivables were mainly from property management services income from properties managed on a lump-sum basis and trade receivables of value-added services as well as other receivables from payments on behalf of property owners in respect of utilities and maintenance costs. As at 31 December 2021, the Group's trade and other receivables were approximately RMB201.5 million, representing an increase of approximately 49.1% as compared with approximately RMB135.1 million as at 31 December 2020, which was mainly due to expansion of our property management scale.

Cash and cash equivalents

As at 31 December 2021, the Group's cash and cash equivalents were approximately RMB2,261.4 million, representing an increase of approximately 155.2% as compared with approximately RMB886.2 million as at 31 December 2020. The increase was mainly due to (i) an increase of approximately RMB56.1 million by employee equity incentive; (ii) an increase of net cash inflow approximately RMB445.3 million by placing new shares; and (iii) payment received in advance of approximately RMB552.7 million for home furniture services.

Trade and other payables

The Group's trade and other payables mainly included trade payables, amounts collected on behalf of property owners, received deposits (保證金) and accrued staff costs and welfares. As at 31 December 2021, our trade and other payables were approximately RMB732.8 million, representing an increase of approximately 64.0% from approximately RMB446.9 million as at 31 December 2020, which was mainly due to the increase of our property management scale and employees headcounts.

Contract liabilities

Contract liabilities of the Group were service prepayment paid by customers for the services which had not been provided and not been recognised as revenue. As at 31 December 2021, our contract liabilities amounted to approximately RMB787.3 million, representing an increase of approximately RMB609.1 million from approximately RMB178.2 million as at 31 December 2020, primarily due to the increase in projects under management and payments received in advance for home furniture services during the Year.

Liquidity and financial resources

The Group continued to satisfy its requirement for working capital, capital expenditure and other capital requirement through cash generated from its operation. During the Year, the Group's net cash from operating activities was approximately RMB886.5 million, representing a significant increase of approximately 209.2% as compared with approximately RMB286.7 million for the year ended 31 December 2020, mainly due to an increase in property management scales and business content resulting in an increase in capital collection.

As at 31 December 2021, the net current assets of the Group was approximately RMB945.0 million, representing an increase of approximately RMB569.4 million from net current assets of approximately RMB375.6 million as at 31 December 2020, mainly due to the increase in cash and cash equivalents by placing new shares. As at 31 December 2021, the Group's current ratio (total current assets divided by total current liabilities) was approximately 1.6x (as at 31 December 2020: approximately 1.6x).

As at 31 December 2021, the Group's gearing ratio (sum of current liabilities and non-current liabilities divided by sum of current assets and non-current assets) decreased to approximately 60.5% (as at 31 December 2020: approximately 62.2%).

As at 31 December 2021, the Group did not have any outstanding loan capital, bank overdrafts and liabilities, or other similar indebtedness, debentures, mortgages, charges or loans (as at 31 December 2020: Nil).

Principal risks and uncertainties

Government Policy Risk

The Company's business growth is, and will likely continue to be, affected by the PRC government regulations of our industry. The PRC government has continued to introduce various restrictive measures to discourage speculation in the real estate market. Through these policies and measures, the PRC government may restrict or reduce property development activities and affect the delivery schedule and occupancy rates of the properties we provide services. Any such governmental regulations and measures may affect the PRC real estate industry, thus limiting our business growth and resulting in a material adverse effect on our business, financial position and results of operations. The Group will continue to enrich the business structure to ensure a stable property management revenue, thereby minimizing the impact.

Future Acquisition or Expansion Risk

In addition to our organic growth, when suitable opportunities arise, the Company will also explore selective investments in or acquisitions of other property management companies in the PRC. However, there can be no assurance that the Company will be able to identify suitable opportunities. Acquisitions involve uncertainties and risks, including but not limited to, potential ongoing financial obligations and unforeseen or hidden liabilities, failure to achieve the intended objectives, benefits or revenue-enhancing opportunities, and diversion of resources and management attention. Even if the Company manages to identify suitable opportunities, the Company may not be able to complete the acquisitions on terms favourable or acceptable to us, in a timely manner, or at all. The inability to identify suitable acquisition targets or complete acquisitions could materially and adversely affect our competitiveness and growth prospects. Given the above, the Company will identify acquisition targets in a cautious manner.

Significant investments, material acquisitions and disposals of subsidiaries, joint ventures and associates

On 1 July 2021, Yijiayuan (Xiamen) Property Management Company Limited* (怡家園(廈門)物業管理有限公司) (an indirect wholly-owned subsidiary of the Company) ("Yijiayuan"), Quanshun Group (Xiamen) Real Estate Stock Company Limited* (泉舜集團(廈門)房地產股份有限公司) and Quanshun Property entered into an equity transfer agreement, pursuant to which Yijiayuan agreed to acquire 51% equity interests in the Quanshun Property at the cash consideration of RMB37,393,200.

Save as disclosed above, the Group did not hold any significant investment, or had no other material acquisitions or disposals of any subsidiaries, joint ventures and associates during the Year.

Contingent liabilities

As at 31 December 2021, the Group had no significant contingent liabilities.

Interest rate risk

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

Foreign exchange risk

The principal activities of the Group were conducted in the PRC, and a majority of the Group's income and expenses were denominated in Renminbi. Therefore, the Group was not exposed to material risks directly relating to foreign exchange rate fluctuation (except certain bank balances were denominated in Hong Kong dollars). During the Year, the Group did not enter into contracts to hedge its exposure to foreign exchange risk, but the management will continue to monitor the foreign exchange exposure, and take prudent measures to reduce the foreign exchange risk.

Events after reporting period

As at the date of this report, the Group did not have material subsequent events after the reporting period.

Employment and remuneration policy

The Group adopted remuneration policies similar to its peers in the industry. The remuneration payable to our staff was fixed by reference to the duties and the prevailing market rates in the region. Discretionary performance bonus after assessments was paid to employees to reward their contributions. In compliance with the applicable statutory requirements in the PRC and existing requirements of the local government, the Group has participated in different social welfare plans for our employees. A restricted share incentive scheme has been adopted in 2021 to motivate the management and core staff of the Company.

The same remuneration philosophy is also applicable to the Directors. Apart from benchmarking against the market, the Company reviews individual competence, contributions and the affordability of the Company in determining the exact level of remuneration for each Director.

As at 31 December 2021, the Group had 11,057 employees (as at 31 December 2020: 7,488 employees).

4. OUTLOOK AND PROSPECT

The continued rapid development of the property management industry has accelerated the development of mergers and acquisitions, and the overall concentration of the industry continues to increase. Under the market pressure of accelerated expansion, stable service quality, solid customer base and good brand reputation are still the prerequisites for the long-term development of the Company, and the Company will grasp the balance between development and quality to achieve quality expansion.

(1) Improve service quality and stabilize customer satisfaction

The good quality of our services has helped us to build a solid customer base and an excellent brand reputation. When property management becomes an important component of housing value and property management companies change from a role of passive market demand to a role of active market demand, a situation of quality expansion will be actively formed. As such, the Company will continue to optimize the construction of its service grading system, improve service quality, stabilize customer satisfaction and maintain a good brand reputation advantage.

(2) Enrich management scale and continue to promote mergers and acquisitions

The expansion of management scale is an inevitable way for property management enterprises to grow. Enriching the management style, extending the scope of services, and gradually integrating property management into the field of urban services and public services can open up more room for the Company's growth. Therefore, the Company will continue to promote mergers and acquisitions in line with the market trend and explore more business development.

(3) Broaden service boundaries and continuously optimize business structure

Accelerating the development of value-added services and continuously optimizing the business structure can effectively enhance the Company's profitability. The Company will continue to expand its value-added services to meet the needs of homeowners and residents and broaden its service boundaries, including the establishment of an elderly rehabilitation center which integrates medical and healthcare, and the development of home based elderly care business by bringing elderly care service into the communities; it will also further expand the scope of smart community services to enrich the application scenarios of the system in construction sites, communities, parks and homes to enhance marketability.

(4) Optimize information empowerment to continuously improve operational efficiency

The empowerment of continuous optimization information system tools can enable timely feedback of operation results, help managers to effectively correct errors, improve operation effectiveness and enhance profitability.

In summary, the Group will continue to promote the development of the Company around "strengthening the foundation, enhancing quality, improving efficiency and promoting growth* (夯基礎、提品質、提效益、促增長)", thereby enhancing corporate value.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

CHAIRMAN OF THE BOARD AND NON-EXECUTIVE DIRECTOR

Mr. Zhuang Yuekai (庄躍凱先生) ("Mr. Zhuang"), aged 57, was appointed as a Director from 22 September 2020 until his re-designation as the Company's non-executive Director and chairman of the Board on 28 September 2020.

Mr. Zhuang has joined Xiamen C&D since July 1986 and worked in C&D Real Estate Corporation Limited* (建發房地產集團有限公司) ("C&D Real Estate") since July 1998. Mr. Zhuang has been vice-general manager and a member of the party committee in Xiamen C&D since August 2001 and September 2001, respectively. Mr. Zhuang has been the chairman of the board and the secretary of party committee in C&D Real Estate since October 2002 and October 2012, respectively. Mr. Zhuang has been the chairman of the board and an executive director of C&D International Investment Group Limited ("CDI", together with its subsidiaries, "CDI Group") since February 2015. Mr. Zhuang was appointed as the Chairman of Holsin Engineering Consulting Group Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 603909), in December 2021.

Xiamen C&D is the holding company of Xiamen C&D Inc., a company listed on Shanghai Stock Exchange (stock code: 600153). Xiamen C&D Inc. is the holding company of C&D Real Estate. C&D Real Estate is the holding company of Well Honour International Limited (益鴻國際有限公司) ("Well Honour") which, in turn, is the holding company of Well Land International Limited (益能國際有限公司) ("Well Land"), a Consulting shareholder of the Company.

Mr. Zhuang was recognised as a senior engineer by the Review Committee for Senior Profession on Engineering Technology of Xiamen* (廈門市工程技術高級職務任職資格評審委員會) in December 2001. Mr. Zhuang has been a recipient of a special government allowance by the State Council of the PRC since February 2013.

Mr. Zhuang obtained a bachelor's degree in industrial and civil architecture from Fuzhou University in 1986. Mr. Zhuang completed a course in business administration offered by Tsinghua University in December 2001.

EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

Ms. Qiao Haixia (喬海俠女士) ("Ms. Qiao"), aged 46, was appointed as a Director from 22 September 2020 until her re-designation as the Company's executive Director on 28 September 2020. She was also appointed as the Company's chief executive officer on 28 September 2020.

Ms. Qiao has over 22 years of experience in the property management business. Ms. Qiao worked as a property management staff in Huijia (Xiamen) Property Management Company Limited* (匯嘉(廈門)物業管理有限公司) ("Huijia") from December 1999 to May 2003. From February 2005 to May 2015, Ms. Qiao held different positions including manager of property management department, assistant to general manager, vice general manager, general manager in Yijiayuan (Xiamen) Property Management Company Limited* (怡家園(廈門)物業管理有限公司) ("Yijiayuan"), and she has been the chairperson of the board of directors of Yijiayuan since May 2015. Ms. Qiao has also worked as the chairperson of the board of directors of Huijia since May 2015. Ms. Qiao has been a member of the party committee of C&D Real Estate since September 2017. Ms. Qiao has been the chairperson of the board of C&D Property Service Group Limited* (建發物業服務集團有限公司) ("C&D Property Service") since February 2018.

Ms. Qiao was recognised as a certified intermediate property manager by the Ministry of Housing and Urban-Rural Development of the PRC (中國住房和城鄉建設部) in February 2014.

Ms. Qiao obtained a bachelor's degree in accounting (foreign trade accounting) in Northeastern University in 1999.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTOR

Mr. Huang Danghui (黃黨輝先生) ("Mr. Huang"), aged 50, was appointed as a Director from 22 September 2020 until his re-designation as an executive Director on 28 September 2020.

Mr. Huang has over 23 years of experience in the property management business. Mr. Huang worked as a project manager in Huijia from April 1999 to March 2005. From March 2005 to April 2018, Mr. Huang held different positions including manager of service centre, assistant to general manager, vice general manager, general manager and director of Yijiayuan. Mr. Huang has been the general manager in C&D Property Service since February 2018, and the general manager and director of Yijiayuan since April 2020.

Mr. Huang obtained a diploma in international finance from Xiamen University in 1993.

NON-EXECUTIVE DIRECTOR

Mr. Lin Weiguo (林偉國先生) ("Mr. Lin"), aged 43, was appointed as a Director from 22 September 2020 until his re-designation as a non-executive Director on 28 September 2020.

Mr. Lin worked as a financial manager, manager, regional sales director of a branch of Xiamen Overseas Chinese Electronic Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600870), from March 2000 to September 2007, where Mr. Lin was responsible for regional financial work and business management work of the relevant company. Mr. Lin has joined C&D Real Estate since September 2007 and worked as a financial controller from July 2013 to January 2016, and an assistant to general manager from February 2016 to January 2017. Mr. Lin has been a deputy general manager, a member of the party committee and a director in C&D Real Estate since February 2017, September 2017 and April 2019, respectively. Mr. Lin worked as the financial controller in CDI from March 2015 to March 2016 and was the chief operating officer of CDI from March 2016 to March 2019. Mr. Lin has been an executive director and the chief executive officer of CDI since March 2019. Mr. Lin was appointed as a director of Holsin Engineering Consulting Group Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 603909), in December 2021.

Mr. Lin was recognised as a senior economist by Senior Position Review Committee of Economics in Xiamen in August 2015 and senior accountant by Fujian Human Resources and Social Security Bureau in August 2016.

Mr. Lin obtained a bachelor's degree in accounting from Anhui University of Finance and Economics in July 2010.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheung Kwok Kwan, J.P. (張國鈞先生，太平紳士) ("Mr. Cheung"), aged 47, was appointed as an independent non-executive Director on 23 December 2020.

Mr. Cheung is a practising solicitor of the High Court of Hong Kong with 20 years of post-qualification experience in the legal profession. Mr. Cheung started his career as a trainee solicitor at Wilkinson & Grist from August 1998 to July 2000. He then worked as an assistant solicitor at various law firms, including: (i) Tsang, Chan & Wong from October 2000 to August 2001; (ii) Haldanes from October 2001 to December 2002; and (iii) Christine M. Koo & Ip, Solicitors & Notaries LLP from December 2002 to November 2003. From November 2003 to April 2004, Mr. Cheung was a consultant of Leung & Lau (formerly known as Jonathan Lau & Co). He joined Cheung & Liu, Solicitors (formerly known as Clarence Wong, Cheung & Liu) as a consultant from April 2004 to June 2012. He has been a partner of Cheung & Yeung, Solicitors since June 2012, and is also a civil celebrant of marriage and China-Appointed Attesting Officer in Hong Kong. Mr. Cheung served as an independent non-executive director of Innovax Holdings Limited, a company listed on the Stock Exchange (stock code: 2680), from August 2018 to February 2020. Mr. Cheung served as an independent non-executive director of Hang Yick Holdings Company Limited, a company listed on the Stock Exchange (stock code: 1894), from September 2018 to September 2020.

Mr. Cheung was an elected member of Central and Western District Council from January 2012 to December 2019 and was appointed as a Justice of the Peace in July 2014. Mr. Cheung has been appointed as a non-official member of the Executive Council of Hong Kong since July 2017. Mr. Cheung was a member of the Housing Authority of Hong Kong from April 2015 to March 2021 and has served as a director of the Hong Kong Mortgage Corporation Limited since April 2016. Mr. Cheung has been a member of Legislative Council of Hong Kong since October 2016.

Mr. Cheung was recognised as a China-Appointed Attesting Officer by the Ministry of Justice of the PRC in December 2015 and a Civil Celebrant of Marriages in Hong Kong by the Immigration Department of Hong Kong since October 2014.

Mr. Cheung obtained a bachelor's degree in laws and postgraduate certificate in laws from the City University of Hong Kong in November 1997 and August 1998, respectively. He was admitted as a solicitor of the High Court of Hong Kong in September 2000.

Mr. Lee Cheuk Yin Dannis (李卓然先生), aged 51, was appointed as an independent non-executive Director on 23 December 2020.

Mr. Lee Cheuk Yin Dannis has served as the managing director of DLK Advisory Limited, a company engaged in financial advisory and investment consulting services, since October 2009. Mr. Lee Cheuk Yin Dannis served as an executive director of AMVIG Holdings Limited, a company listed on the Stock Exchange (stock code: 2300), from September 2001 to March 2010; an executive director and a non-executive director of BeijingWest Industries International Limited, a company listed on the Stock Exchange (stock code: 2339), from October 2003 to August 2005 and August 2005 to January 2009, respectively; and an executive director of AMCO United Holdings Limited, a company listed on the Stock Exchange (stock code: 630), from October 2010 to October 2011.

Mr. Lee Cheuk Yin Dannis has been an independent non-executive director and chairman of audit committee of Geely Automobile Holdings Limited, a company listed on the Stock Exchange (stock code: 175), since June 2002; an independent non-executive director and chairman of audit committee of Tiangong International Company Limited, a company listed on the Stock Exchange (stock code: 826), since September 2010; an independent non-executive director of CMBC Capital Holdings Limited, a company listed on the Stock Exchange (stock code: 1141), since June 2017; and an independent non-executive director of Cathay Media and Education Group Inc., a company listed on the Stock Exchange (stock code: 1981), since June 2020. He was also an independent non-executive director of Southern Energy Holdings Group Limited, a company listed on the Stock Exchange (stock code: 1573), from June 2016 to October 2019. Mr. Lee Cheuk Yin Dannis was an independent director of Gridsum Holdings Inc, the American depository shares of which are listed on NASDAQ (stock code: GSUM) from June 2017 to March 2021.

Mr. Lee Cheuk Yin Dannis obtained a bachelor's degree in business administration from Texas A&M University in the United States in October 1992. Mr. Lee Cheuk Yin Dannis has become an associate member of the Hong Kong Institute of Certified Public Accountants since June 1996 and a member of the American Institute of Certified Public Accountants since April 1995. Mr. Lee Cheuk Yin Dannis possesses over 27 years of experience in accounting and auditing field.

Mr. Lee Cheuk Yin Dannis was a non-executive director of Norstar Founders Group Limited (now known as BeijingWest Industries International Ltd.) (''Norstar''), a company listed on the Stock Exchange (stock code: 2339), from 19 August 2005 to 15 January 2009, during which as a non-executive director, at all relevant times he had no involvement in the day-to-day operation or management of Norstar. Norstar is incorporated in the Cayman Islands and was the subject of a winding up petition and a provisional liquidator was appointed on 6 February 2009. The winding up petition was dismissed and provisional liquidator was discharged in January 2014. According to the announcements published by Norstar, it was the subject of a scheme of arrangement to restructure its debts whereby certain rights and claims of Norstar were assigned to administrators of the scheme of arrangement on behalf of Norstar's creditors. A writ of summons (the ''Writ'') was issued in June 2014 against, among others, Mr. Lee Cheuk Yin Dannis as a former director of Norstar. To the best knowledge and belief of the Company, the Writ alleged, among other things, various breaches of duties, contracts and applicable laws and regulations but it did not set out the basis or the specific incidents supporting the allegations therein. Further, Mr. Lee Cheuk Yin Dannis confirmed that (i) he was not aware of the matters alleged in the Writ, and (ii) he was never served any notice of proceedings or the Writ, and according to a letter from the plaintiff's solicitor to the solicitors of Mr. Lee Cheuk Yin Dannis, the Writ has been extended until 25 June 2016 and has expired without further application for extension. In view of (i) his lack of involvement in the day-to-day operation and management in Norstar during his time as a non-executive director of Norstar, (ii) the fact that the plaintiff has not served the Writ on Mr. Lee Cheuk Yin Dannis and the Writ has expired without further application, and (iii) continuing engagement of Mr. Lee Cheuk Yin Dannis as director of other companies listed on the Stock Exchange, the Company believes that Mr. Lee Cheuk Yin Dannis remains suitable to be an independent non-executive Director under Rules 3.08 and 3.09 of the Listing Rules.

Mr. Li Kwok Tai James (李國泰先生), aged 53, was appointed as an independent non-executive Director on 23 December 2020.

Mr. Li Kwok Tai James served as a staff accountant in the audit department of Ernst & Young from May 1994 to January 1997; a senior accountant in the global corporate finance department of Arthur Andersen from May 1998 to January 2000; a senior associate of DBS Asia Capital Limited from January 2000 to January 2001; a manager in the listing division of Hong Kong Exchanges and Clearing Limited, a company listed on the Stock Exchange (stock code: 388), from September 2002 to June 2006; a senior manager in the corporate finance execution department of BNP Paribas Capital (Asia Pacific) Limited from June 2006 to May 2007; a vice president in the investment banking coverage department of J.P. Morgan Securities (Asia Pacific) Limited from May 2007 to December 2008; a vice president of New World Strategic Investment Limited, a wholly-owned subsidiary of New World Development Company Limited, a company listed on the Stock Exchange (stock code: 17), from April 2009 to April 2010; a director in the investment banking division of CGS-CIMB Securities (Hong Kong) Limited (formerly known as CIMB Securities Limited, a wholly-owned subsidiary of CIMB Group Sdn Bhd) from April 2010 to January 2017; and a managing director of HeungKong Financial Group Limited from July 2017 to May 2018. Mr. Li Kwok Tai James has served as a managing director in the investment banking department of Shanggu Securities Limited since June 2018. Mr. Li Kwok Tai James has been an independent non-executive director of Huasheng International Holding Limited, a company listed on the Stock Exchange (stock code:1323), since September 2020.

Mr. Li Kwok Tai James obtained a bachelor's degree in engineering from the University of Liverpool in the United Kingdom in 1990; a master's degree in science from the University of Manchester in the United Kingdom in 1991; and a bachelor of laws degree from the University of London in the United Kingdom in 2005. Mr. Li Kwok Tai James has been a member of the American Institute of Certified Public Accountants since September 1999 and an associate member of the Hong Kong Institute of Certified Public Accountants since March 2000. Mr. Li Kwok Tai James was a committee member of the corporate finance advisory panel of the Hong Kong Institute of Certified Public Accountants from February 2015 to January 2021.

Mr. Wu Yat Wai (胡一威先生) ("Mr. Wu"), aged 53, was appointed as an independent non-executive Director on 23 December 2020.

Mr. Wu served as an analyst of the treasury department of The Hong Kong Jockey Club from September 1992 to April 1993; an assistant manager and manager of the corporate trust department of Bankers Trust Company from April 1993 to July 1995; an investment analyst of Credit Lyonnais Securities (Asia) Limited from November 1996 to April 2000; a senior vice president of the equity research division in Hong Kong of Lehman Brothers Asia Limited from April 2000 to May 2005; and a managing director of the global investment research division of Goldman Sachs (Asia) L.L.C. from May 2005 to May 2016. Mr. Wu has served as an independent non-executive director of Haitong Unitrust International Financial Leasing Co., Ltd., a company listed on the Stock Exchange (stock code: 1905), since May 2017.

Mr. Wu obtained a bachelor's degree in business administration from Hong Kong Baptist College (currently known as Hong Kong Baptist University) in 1991; and a master's degree in accounting and finance from London School of Economics and Political Science in the United Kingdom in 1992.

SENIOR MANAGEMENT

Please refer to "Executive Director and Chief Executive Officer" and "Executive Director" above for the biographical details of Ms. Qiao and Mr. Huang.

Ms. Luo Yi (駱藝女士) ("Ms. Luo"), aged 53, was appointed as the Company's chief financial officer on 28 September 2020.

Before joining the Group, Ms. Luo worked as technician of engineering department, statistician of sales department, dean of general management department of finance department and manager of financial department in Xiamen Overseas Chinese Electronic Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600870), from February 1990 to April 2012, where she was responsible for business and financial related works.

Ms. Luo worked as a financial manager in Huijia from May 2012 to February 2014, manager of audit department and chief financial officer in Yijiayuan from March 2014 to February 2016 and March 2017 to January 2018, respectively, chief financial officer in C&D Property Service from February 2018 to March 2019. Ms. Luo has been the assistant to group general manager in C&D Property Service since April 2019.

Ms. Luo was recognised as an intermediate accountant by the Ministry of Finance of the PRC in May 2006.

Ms. Luo obtained a diploma in microelectronic technology from South China University of Technology in July 1988.

COMPANY SECRETARY

Ms. Leung Ching Ching (梁晶晶女士) ("Ms. Leung"), aged 41, was appointed as the company secretary of the Company on 28 September 2020.

Ms. Leung is a senior manager of the Corporate Services Division of Tricor Services Limited. She has over 18 years of experience in company secretarial industry, and provided services to clients ranging from private companies to public companies listed on the Main Board of the Stock Exchange. Other than the Company, Ms. Leung is currently also named company secretary/joint company secretaries to five other Hong Kong listed companies. Ms. Leung is a Chartered Secretary and a Fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. Ms. Leung graduated from The Chinese University of Hong Kong and admitted to the Degree of Bachelor of Social Science. She also received a Master of Arts in Professional Accounting and Information System from City University of Hong Kong.

The Directors are pleased to present to the Shareholders the annual report and the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company. The principal activities and other particulars of its subsidiaries are set out in note 29 to the consolidated financial statements.

Further discussion and analysis of the business review required by Schedule 5 to the Hong Kong Companies Ordinance, including a description of the principal risks and uncertainties facing the Group and an indication of likely future development in the Group's business, can be found in the "Management Discussion and Analysis" set out on pages 9 to 22 of the annual report and the "Environmental, Social and Governance Report" set out on pages 63 to 118 of the annual report. The relevant discussion in the "Management Discussion and Analysis" and the "Environmental, Social and Governance Report" sections forms part of this directors' report.

RESULTS

The results of the Group for the Year and the state of affairs of the Company and of the Group as at 31 December 2021 are set out in the consolidated financial statements and their accompanying notes on pages 124 to 205 of this annual report.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK$0.06 per share of the Company ("Share") for the Year, subject to the approval at the annual general meeting of the Company (2020: Nil). Based on the 1,336,261,106 Shares in issue as at 31 December 2021, it is expected that a final dividend of approximately HK$80,176,000 (equivalent to approximately RMB65,552,000) will be paid. Subject to the approval of the shareholders of the Company ("Shareholders") at the annual general meeting, the final dividend is expected to be paid on Friday, 8 July 2022 to Shareholders whose names appear on the register of members of the Company on Friday, 27 May 2022.

DIVIDEND POLICY

The Company has adopted a dividend policy in December 2020. In recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and funding its future growth as well as enhancing its Shareholder value. The Company does not have any pre-determined dividend payout ratio. The Board has the discretion to declare and pay dividends to the Shareholders, subject to the articles of association of the Company (the "Articles of Association") and all applicable laws and regulations of the BVI and other factors.

The Board shall also take into account the factors of the Group when considering the declaration, payment and the amounts of dividends, including results of operations, cash flow, financial position, statutory and regulatory restrictions on payment of dividends by the Company, future prospects of the Company and any other factors that the Board may consider relevant. Depending on the financial positions of the Company and the Group and the conditions and factors as set out above, the Board may propose and/or declare the following dividends for a financial year or period as an interim dividend, a final dividend, a special dividend and any distribution of net profits that the Board may deem appropriate. Any final dividend for a financial year will be subject to the approval of the Shareholders. The Board will review this dividend policy as appropriate from time to time.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the"AGM") will be held on Friday, 20 May 2022.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining entitlement of the Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 17 May 2022 to Friday, 20 May 2022 (both days inclusive). In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by 4:30 p.m. on Monday, 16 May 2022.

For the purpose of ascertaining entitlement of the Shareholders to the final dividend, the register of members of the Company will be closed from Thursday, 26 May 2022 to Friday, 27 May 2022 (both days inclusive). In order to qualify for the final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share register, Tricor Investor Services Limited at the abovementioned address for registration by 4:30 p.m. on Wednesday, 25 May 2022.

FINANCIAL SUMMARY

A summary of the financial results as well as the assets and liabilities of the Group for the last five financial years is set out on page 206 of this annual report.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the Year are set out in note 26 to the consolidated financial statements.

TAX RELIEF AND EXEMPTION

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

BORROWINGS

As at 31 December 2021, the Group did not have any borrowings.

RESERVES

Details of the movements in the reserves of the Company and the Group during the Year are set out in notes 27 and 28 to the consolidated financial statements and the consolidated statement of changes in equity on pages 127 to 128 respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2021, the distributable reserves (included Share premium and Accumulated losses) of the Company amounted to approximately RMB495,280,000 (2020: nil).

Details of the movements in reserves during the year ended 31 December 2021 are set out in note 28 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association although there are no restrictions against such rights under the laws of BVI.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group for the Year are set out in note 14 to the consolidated financial statements.

CHARITABLE DONATIONS

During the Year, the Group did not make charitable donations (2020: Nil).

MAJOR CUSTOMERS AND SUPPLIERS

Sales attributable to the Group's largest customer and five largest customers accounted for approximately 39.2% and 42.8% of the Group's total revenue for the Year, respectively.

The purchases made by the Group from its largest supplier and the five largest suppliers accounted for approximately 3.6% and 12.0% of the Group's total purchases for the Year, respectively.

Except Xiamen C&D Group, one of the five largest customers, none of the Directors or any of their close associates (as defined in the Listing Rules) or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers or suppliers during the Year.

BOARD OF DIRECTORS

The Directors who were in office during the Year and up to the date of this annual report are as follows:

Executive Directors
Ms. Qiao Haixia *(Chief Executive Officer)*
Mr. Huang Danghui

Non-executive Directors (the "NEDs")
Mr. Zhuang Yuekai *(Chairman)* R/N
Mr. Lin Weiguo

Independent Non-executive Directors (the "INEDs")
Mr. Cheung Kwok Kwan, J.P. A/R/N
Mr. Lee Cheuk Yin Dannis A/R/N
Mr. Li Kwok Tai James A/R/N
Mr. Wu Yat Wai A/R/N

Notes:

A: Member of the Audit Committee
R: Member of the Remuneration Committee
N: Member of the Nomination Committee

Ms. Qiao Haixia, Mr. Lee Cheuk Yin Dannis, Mr. Li Kwok Tai James will retire from office by rotation at the annual general meeting, and being eligible, have offered themselves for re-election.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHICAL DETAILS

Biographical details of the Directors and the senior management of the Group are set out on pages 23 to 28 of this annual report.

CONFIRMATION OF INDEPENDENCE OF INEDS

The Company has received from each of the INEDs, namely Mr. Cheung Kwok Kwan, J.P., Mr. Lee Cheuk Yin Dannis, Mr. Li Kwok Tai James and Mr. Wu Yat Wai, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. As at the date of this annual report, the Company still considered all of them to be independent.

SERVICE CONTRACTS OF DIRECTORS

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing on 28 September 2020, which is renewable automatically for successive terms of one year commencing from the day immediately after the expiry of the then current term of his/her appointment, and either party may terminate the agreement by giving the other party not less than two month's notice in writing. Each of the executive Directors is entitled to a director's emolument of RMB600,000 per annum (which was determined by the Board with reference to his/her experience, knowledge, qualification, duties and responsibilities within the Group and the prevailing market conditions), and such management bonus and other benefits as may be determined by and at the sole discretion of the Board (upon the recommendation of the remuneration committee of the Board) from time to time.

Each of the NEDs has entered into a service agreement with the Company for an initial term of three years commencing from 28 September 2020, which is renewable automatically for successive terms of one year commencing from the day immediately after the expiry of the then current term of his appointment, and either party may terminate the agreement by giving the other party not less than two month's notice in writing. Each of the NEDs does not receive any director's emolument but he may be entitled to such discretionary bonus and/or other benefits as may be determined by and at the sole discretion of the Board (upon the recommendation of the remuneration committee of the Board) from time to time.

Each of the INEDs has entered into a letter of appointment with the Company for an initial term of three years commencing on 23 December 2020, which is renewable automatically for successive terms of one year commencing from the day immediately after the expiry of the then current term of his appointment, and either party may terminate the agreement by giving the other party not less than three months' notice in writing. Each of the INEDs is entitled to a director's emolument of HK$100,000 per annum.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As at 31 December 2021, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO; or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:

Long positions in the Shares of the Company

Name of Director	Capacity/Nature of interests	Number of issued Shares/ underlying Shares held	Approximate percentage of shareholding in issued share capital *(Note 1)*
Mr. Zhuang Yuekai	Founder of a discretionary trust	60,412,000 *(Note 2)*	4.52%
Mr. Lin Weiguo	Interest of controlled corporation	60,412,000 (*Note 2)*	4.52%
Ms. Qiao Haixia	Beneficiary of a trust	862,442 *(Note 2)*	0.06%
	Beneficiary of a trust (other than a discretionary interest)	600,000 *(Note 3)*	0.04%
	Beneficial owner	32,000	0.002%
Mr. Huang Danghui	Beneficiary of a trust	574,941 *(Note 2)*	0.04%
	Beneficiary of a trust (other than a discretionary interest)	600,000 *(Note 3)*	0.04%

Notes:

1. The percentage of shareholding was calculated based on the Company's total number of 1,336,261,106 Shares in issue as at 31 December 2021.

2. These Shares were registered in the name of Diamond Firetail Limited ("Diamond Firetail"), a company incorporated in the BVI and a wholly-owned subsidiary of Tricor Equity Trustee Limited (formerly known as Equity Trustee Limited) ("Tricor Equity Trustee"). Tricor Equity Trustee is a trustee of a discretionary trust and Mr. Zhuang Yuekai is one of the founders of the said discretionary trust, while Mr. Lin Weiguo is one of the protectors of the said discretionary trust. Ms. Qiao Haixia and Mr. Huang Danghui are beneficiaries of the said discretionary trust. Therefore, Mr. Zhuang Yuekai, Mr. Lin Weiguo, Ms. Qiao Haixia and Mr. Huang Danghui are deemed to be interested in the Shares held by Diamond Firetail by virtue of the SFO.

3. The 2021 restricted share incentive scheme (the "Incentive Scheme") of the Company was approved at the extraordinary general meeting of the Company on 27 September 2021 and up to 35,300,000 ordinary shares of the Company can be allotted and issued to the trustee of the Incentive Scheme, who shall hold the ordinary shares of the Company on behalf of the incentive recipients of the Incentive Scheme. Pursuant to the Incentive Scheme, 28,250,000 shares were initially granted. Being the incentive recipients of the Incentive Scheme, each of Ms. Qiao Haixia and Mr. Huang Danghui is interested in 600,000 and 600,000 ordinary shares of the Company held on trust by the trustee respectively, which are subject to vesting.

Long positions in the shares of the Company's associated corporations

Name of Director	Name of associated corporation	Capacity/Nature of interests	Number of issued shares/underlying shares held	Approximate percentage of shareholding in issued share capital *(Note 1)*
Mr. Zhuang Yuekai	CDI	Founder of a discretionary trust	65,850,068 *(Note 2)*	4.78%
	CDI	Beneficiary of a trust (other than a discretionary interest)	330,000 *(Note 3)*	0.02%
Mr. Lin Weiguo	CDI	Interest of controlled corporation	65,850,068 *(Note 2)*	4.78%
	CDI	Beneficiary of a trust (other than a discretionary interest)	290,000 *(Note 3)*	0.02%
Ms. Qiao Haixia	CDI	Beneficiary of a trust	940,076 *(Note 2)*	0.07%
	CDI	Beneficial owner	32,000	0.002%
Mr. Huang Danghui	CDI	Beneficiary of a trust	626,695 *(Note 2)*	0.05%

Notes:

1. The percentage of shareholding was calculated based on CDI's total number of 1,377,820,204 ordinary shares in issue as at 31 December 2021.

2. These ordinary shares of CDI were registered in the name of Diamond Firetail, a company incorporated in the BVI and a wholly-owned subsidiary of Tricor Equity Trustee. Tricor Equity Trustee is a trustee of a discretionary trust and Mr. Zhuang Yuekai is one of the founders of the said discretionary trust, while Mr. Lin Weiguo is one of the protectors of the said discretionary trust. Ms. Qiao Haixia and Mr. Huang Danghui are beneficiaries of the said discretionary trust. Therefore, Mr. Zhuang Yuekai, Mr. Lin Weiguo, Ms. Qiao Haixia and Mr. Huang Danghui are deemed to be interested in the ordinary shares of CDI held by Diamond Firetail by virtue of the SFO.

3. The 2021 restricted share incentive scheme of CDI was approved at the extraordinary general meeting of CDI on 9 June 2021 and 35,300,000 ordinary shares of CDI were allotted and issued to the trustee of the 2021 restricted share incentive scheme of CDI, who held such shares on behalf of the incentive recipients of the 2021 restricted share incentive scheme of CDI. Being the incentive recipients of the 2021 restricted share incentive scheme of CDI, each of Mr. Zhuang Yuekai and Mr. Lin Weiguo is interested in 330,000 and 290,000 ordinary shares of CDI held on trust by the trustee under the 2021 restricted share incentive scheme of CDI, respectively, which are subject to vesting.

Save as disclosed above, as at 31 December 2021, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO); or (ii) required to be entered in the register maintained by the Company pursuant to section 352 of the SFO; or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 31 December 2021, so far as it was known to any Directors or the chief executive of the Company, the following parties (other than a Director or the chief executive of the Company) were recorded in the register kept by the Company under section 336 of the SFO, or as otherwise notified to the Company, as being directly or indirectly interested or deemed to be interested in 5% or more of the issued Shares and underlying Shares:

Name of substantial Shareholders	Capacity/ Nature of interests	Number of issued Shares/ underlying Shares held	Approximate percentage of shareholding in issued share capital *(Note 1)*
Well Land	Beneficial owner	767,191,106	57.41%
Well Honour	Interest of controlled corporation	767,191,106 *(Note 2)*	57.41%
C&D Real Estate	Interest of controlled corporations	767,191,106 *(Note 2)*	57.41%
Xiamen C&D Inc. (廈門建發股份有限公司)	Interest of controlled corporations	767,191,106 *(Note 2)*	57.41%
Xiamen C&D	Interest of controlled corporations	767,191,106 *(Note 2)*	57.41%
Mr. Dawid Krige	Interest of controlled corporation	93,800,000 *(Note 3)*	7.02%
Cederberg Capital (Cayman) GP	Interest of controlled corporation	93,800,000 *(Note 3)*	7.02%
Cederberg Capital (Cayman)	Interest of controlled corporation	93,800,000 *(Note 3)*	7.02%

Notes:

1. The percentage of shareholding was calculated based on the Company's total number of 1,336,261,106 Shares in issue as at 31 December 2021.

2. Well Land is a wholly-owned subsidiary of Well Honour. Well Honour is a wholly-owned subsidiary of C&D Real Estate. C&D Real Estate is owned as to 54.65% and 45.35% by Xiamen C&D Inc., a company listed on the Shanghai Stock Exchange (stock code: 600153) and Xiamen C&D, a state-owned group of companies under the supervision of State-owned Assets Supervision and Administration Commission of Xiamen Municipal People's Government* (廈門市人民政府國有資產監督管理委員會), respectively. Xiamen C&D is interested in Xiamen C&D Inc. as to 47.38%. Therefore, Well Honour, C&D Real Estate, Xiamen C&D Inc. and Xiamen C&D are deemed to be interested in the Shares held by Well Land by virtue of the SFO.

3. These Shares were registered in the name of Cederberg Capital Limited. Cederberg Capital Limited is a wholly-owned subsidiary of Cederberg Capital (Cayman), with Mr. Dawid Krige being the only substantial shareholder. Cederberg Capital (Cayman) GP is the general partner of Cederberg Capital (Cayman). Therefore, Cederberg Capital (Cayman), Cederberg Capital (Cayman) GP and Mr. Dawid Krige are deemed to be interested in the Shares held by Cederberg Capital Limited.

PERMITTED INDEMNITY PROVISION

Subject to the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) and BVI Business Companies Act, every Director is entitled under the Articles of Association to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted. To the extent permitted by law, the Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against directors of companies in the Group during the Year and up to the date of this report.

ARRANGEMENTS FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, during the Year and up to the date of this annual report was the Company or any of its subsidiaries a party to any arrangement to enable a Director to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any other body corporate.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save for continuing connected transactions set out on pages 38 to 43 of this annual report, there was no transaction, arrangement or contract of significance in relation to the Company's business, to which the Company or any of the Company's subsidiaries was a party, subsisting at the end of the Year or at any time up to the date of this annual report, and in which a Director or an entity connected with a Director had, whether directly or indirectly, a material interest, nor was there any other transaction, arrangement or contract of significance in relation to the Company's business between the Company or any of the Company's subsidiaries and a controlling shareholder or any of its subsidiaries.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the Year and up to the date of this annual report, none of the Directors were considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group and any other conflicts of interest.

MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

RELATED PARTY TRANSACTIONS

Details of the material related party transactions undertaken in the ordinary course of business by the Group during the Year are set out in note 31 to the consolidated financial statements, and save as disclosed in the paragraph headed "Continuing Connected Transactions" below, none of them constituted and there were no transactions which constituted a connected transaction (as defined under the Listing Rules) of the Company and was subject to reporting requirement during the Year.

LITIGATIONS

There was no material litigations and obligations of the Group during the Year.

CONNECTED TRANSACTION

On 1 July 2021, the Board resolved to award an aggregate of 7,280,000 Restricted Shares to certain incentive recipients, including Directors and senior management of the Company and directors and general managers of the Company's subsidiaries who are connected persons of the Company. The allotment and issue of the Restricted Shares to such connected persons constitutes connected transactions of the Company, which is subject to reporting, announcement and independent shareholders' approval requirements.

The Restricted Shares were allotted pursuant to a specific mandate obtained at the extraordinary general meeting held on 27 September 2021. Upon issuance and allotment of the Restricted Shares, the Trustee shall hold the Restricted Shares on trust for the incentive recipients.

Further details about the Incentive Scheme are set out in the section headed "Restricted Share Incentive Scheme" under the Directors' Report in this annual report.

CONTINUING CONNECTED TRANSACTIONS

The following continuing connected transactions were recorded during the Year, details of these transactions are set out below:

1. **Continuing Connected Transaction in relation to the Trademark Licensing Agreement**
   On 23 December 2020, the Company entered into a trademark licensing agreement (the "Trademark Licensing Agreement") with Xiamen C&D, pursuant to which Xiamen C&D agreed to grant to the Company (including its existing and future subsidiaries in which the Company holds 50% or more equity interest or has controlling interest) a non-transferable licence to use several trademarks registered in the PRC for a perpetual term commencing from the date of the Trademark Licensing Agreement, which is subject to the renewal of the licensed trademarks, on a royalty-free basis. The termination of the Trademark Licensing Agreement is conditional on that the Company is no longer controlled by Xiamen C&D or any entity controlled by Xiamen C&D. In addition, if any licensed trademark was not renewed by Xiamen C&D, the Group would not be licensed to use such trademark. Details of the licensed trademarks are set out in the paragraph headed "General Information — B. Further Information about the Business of our Company — 2. Intellectual property rights of our Group — (b) Trademarks licensed" in Appendix IV to the listing document of the Company dated 28 December 2020. The Directors believe that the entering into the Trademark Licensing Agreement with a term of more than three years can ensure the stability of the operations of the Group and is beneficial to the Company and the Shareholders as a whole. Considering (i) it is within normal business practice for agreements of this type to be of such duration; (ii) the strategic importance for the Group to use such trademarks; and (iii) such term is sufficiently long to provide better protection to the Group considering the nature of the licensed trademarks, the Directors are of the view that it is normal business practice for the Trademark Licensing Agreement to be of such duration.

   The Company entered into the Trademark Licensing Agreement as the continual use of the licensed trademarks will ensure the continuity of the brand and image of the Group.

Xiamen C&D, as the registered proprietor of the licensed trademarks, is the controlling shareholder of the Company and therefore a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the Trademark Licensing Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules upon Listing. As the right to use the licensed trademark are granted to us on a royalty-free basis, the transactions contemplated under the Trademark Licensing Agreement was within the de minimis threshold under the Listing Rules, and the entering into of the Trademark Licensing Agreement was be exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Continuing Connected Transaction in relation to the Lease Framework Agreement

On 23 December 2020, the Company entered into a lease framework agreement (the "Lease Framework Agreement") with Xiamen C&D, pursuant to which Xiamen C&D and its subsidiaries and joint ventures (but not including CDI and its subsidiaries, the Group and its joint ventures) agreed to lease to the Group and its joint ventures (excluding its connected subsidiaries) (i) certain properties for operational use; and (ii) the car parking spaces located at C&D International Building for the business use of the Group from the listing date of the Company (i.e. 31 December 2020) (the "Listing Date") until 31 December 2022.

Relevant subsidiaries and/or joint ventures of both parties will enter into separate lease agreements which will set out the specific terms and conditions according to the principles provided in the Lease Framework Agreement. Such transactions will be entered into on normal commercial terms or better and after arm's length negotiation among parties to the Lease Framework Agreement, with reference to the prevailing market rent of similar properties in the vicinity and should be no less favourable than that offered by independent third parties.

For each of the three years ending 31 December 2022, it is expected that the annual caps of the rent payable by us under the Lease Framework Agreement are RMB4.75 million, RMB5.50 million and RMB6.25 million, respectively. When estimating the annual caps above, the Directors have considered (i) the historical leases entered into by the Group and the historical amount of rent paid to Xiamen C&D; (ii) the unit rent of the Group's leased properties and the market level of unit rent for comparable office units; (iii) the expected needs for the lease areas resulting from the future expansion of the Group; and (iv) the expected market rates of unit rent for office units. The annual caps are determined based on the estimated total value of right-of-use assets to be newly recognised relating to the applicable leases forecasted by the Company. The accounting treatment for the actual leases will comply with the applicable standards of HKFRS 16.

The rent, property management fees, public maintenance fund, utilities and air-conditioning fees shall be calculated and paid in the following manner:

i. the rent is calculated based on the GFA of the subject properties multiplied by the rent per unit area which shall be determined with reference to the rent of similar properties in the vicinity and the local market rental level, subject to adjustment by the parties in accordance with the actual condition of the subject properties.

ii. the Group shall pay the property management fees, public maintenance fund, utilities and air-conditioning fees in respect of the subject properties.

iii. the Group shall make rental payment on a quarterly basis, and the specific payment and settlement could be arranged by negotiation between the parties to the lease.

It entered into the Lease Framework Agreement to ensure the consistency of the Group's operations and business (including the leasing of certain properties at the C&D International Building in the PRC).

Xiamen C&D is the controlling shareholder of the Company and, therefore, is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Lease Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules upon Listing, which is subject to the reporting, annual review and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

During the Year, the amount of rent payable by the Group under the Lease Framework Agreement was approximately RMB4,007,000.

3. Continuing Connected Transaction in relation to Business Framework Agreement

The Company entered into a business framework agreement (the "Business Framework Agreement") on 23 December 2020 with C&D Real Estate and CDI, pursuant to which the Group and its joint ventures agreed to provide certain services to (i) Xiamen C&D and its subsidiaries, (excluding the CDI Group and the Group) and their joint ventures and associates (the "Remaining Xiamen C&D Group"); and (ii) the CDI Group (excluding the joint ventures of the Group) from the Listing Date (i.e. 31 December 2020) until 31 December 2022. Subsequently, on 4 October 2021, the Company, C&D Real Estate and CDI entered into an supplemental agreement (the "Supplemental Agreement") to revise the existing annual caps as approved under the Business Framework Agreement.

Under the Business Framework Agreement, the Group shall provide the following services to (i) the Remaining Xiamen C&D Group; and (ii) the CDI Group: (a) property management services, mainly including greening, gardening and order maintenance for public areas, cleaning, security, parking management, repair and maintenance services for public facilities, etc. to unsold and sold but undelivered commodity housing and office properties; (b) community value-added and synergy services, mainly including (i) home living services; (ii) home beauty services; (iii) real estate brokerage and asset management services; (iv) value-added services for public areas; (v) elderly-care & health value-added services; and (vi) smart community services; and (c) value-added services to non-property owners, mainly including (i) consultancy services to property developers during the property development and construction phases; and (ii) reception, order maintenance, cleaning and security and maintenance services to property developers during both pre-sales and post-sales phases.

The pricing basis of the abovementioned services is as follows:

1. Property management services: property management fees shall be determined after arm's length negotiations by the parties after taking into account a number of factors, including: (i) the types of the properties, such as residential and non-residential, and the location of the projects such as the tier of city; (ii) the scope and quality of the services provided; (iii) the expected operational costs (including, among other things, staff costs, material costs, sub-contracting costs and operational administrative expenses); (iv) the target profit margins of the Group; (v) profiles of the property owners and residents; (vi) the local government's guidance price on property management fees (where applicable); and (vii) the property management fees for similar services and similar types of projects in the market. Pursuant to the property management services contracts, the property management fees are calculated based on area multiplied by unit price. The specific unit price is calculated based on the prevailing market price in the location of the projects and approved by the relevant local authorities, as the case may be.

2. Community value-added and synergy services: the service fees of shall be determined after arm's length negotiations with reference to the prevailing market prices of similar services in the open market and historical charges for each of the three years ended 31 December 2019 and the six months ended 30 June 2020.

3. Value-added services to non-property owners: the service fees shall be determined after arm's length negotiations based on the calculation of "cost (calculated in accordance with the actual costs incurred, such as materials and labour) + indirect management fee (calculated by tax-exclusive income x 10–15%) + taxes". The abovementioned tax will be subject to adjustment in accordance with relevant rules and regulations.

For each of the three years ending 31 December 2022, it is expected that the aggregate annual caps of the revenue receivable by the Group under the Business Framework Agreement are RMB370.0 million, RMB750.0 million and RMB995.0 million, respectively. For each of the three years ending 31 December 2022, it is expected that the annual caps of the revenue receivable by the Group from the CDI Group under the Business Framework Agreement are RMB270.0 million, RMB550.0 million and RMB745.0 million, respectively.

The table below sets out the breakdown of the annual caps by types of services to be provided by the Group to the CDI Group for the year indicated:

	For the year ended/ending 31 December					
	2020		2021		2022	
	RMB million	%	RMB million	%	RMB million	%
Property management services	6.0	2.2	35.0	6.4	50.0	6.7
Community value-added and synergy services	4.0	1.5	55.0	10.0	90.0	12.1
Value-added services to non-property owners	260.0	96.3	460.0	83.6	605.0	81.2
Total	270.0	100.0	550.0	100.0	745.0	100.0

For each of the three years ending 31 December 2022, it is expected that the annual caps of the revenue receivable by the Group from the Remaining Xiamen C&D Group under the Business Framework Agreement are RMB100.0 million, RMB200.0 million and RMB250.0 million, respectively.

The table below sets out the breakdown of the annual caps by types of services to be provided by the Group to the Remaining Xiamen C&D Group for the year indicated:

	For the year ended/ending 31 December					
	2020		2021		2022	
	RMB million	%	RMB million	%	RMB million	%
Property management services	35.0	35.0	50.0	25.0	60.0	24.0
Community value-added and synergy services	5.0	5.0	40.0	20.0	60.0	24.0
Value-added services to non-property owners	60.0	60.0	110.0	55.0	130.0	52.0
Total	100.0	100.0	200.0	100.0	250.0	100.0

The Group entered into the Business Framework Agreement and Supplemental Agreement as it has been continuously providing various services to the CDI Group and the Remaining Xiamen C&D Group; and there has been long and good cooperation between (a) the Group and (b) the CDI Group.

Each of C&D Real Estate and Well Land is a controlling shareholder of the Company. Well Land is also the controlling shareholder of CDI, and thus CDI is an associate of Well Land. As such, each of C&D Real Estate and CDI are connected persons of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Business Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules, which are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. At the extraordinary general meeting held on 30 December 2021, the resolution approving the transactions contemplated under the Supplemental Agreement was passed by the independent shareholders of the Company by way of poll.

During the Year, the service fees payable by the Remaining Xiamen C&D Group under the Business Framework Agreement amounted to approximately RMB118,826,000, of which the service fees payable under (i) property management services; (ii) community value-added and synergy services; and (iii) value-added services to non-property owners amounted to approximately RMB36,647,000, RMB12,545,000 and RMB69,634,000, respectively. During the Year, the service fees payable by the CDI Group under the Business Framework Agreement amounted to approximately RMB491,270,000, of which the service fees payable under (i) property management services; (ii) community value-added and synergy services; and (iii) value-added services to non-property owners amounted to approximately RMB34,139,000, RMB28,132,000 and RMB428,999,000, respectively.

4. Continuing Connected Transaction related to Inventory Property Underwriting Agreement

On 4 October 2021, the Company and CDI entered into to an inventory property underwriting agreement (the "Inventory Property Underwriting Agreement"), pursuant to which the Group shall provide inventory property sales agency services to CDI for first-hand residential properties and/or parking spaces developed by CDI. The Group shall pay CDI the full amount representing the market value of the inventory properties contemplated under the Inventory Property Underwriting Agreement to buy out the selling right of the inventory properties and obtain sole and exclusive rights for providing inventory property sales agency services to CDI in relation to the inventory properties.

Pursuant to the Inventory Property Underwriting Agreement, the maximum market value of the unsold residential inventory properties for underwriting entrusted by CDI to the Group for sales per year shall not exceed RMB1 billion. After the Group completes the sale of a property to purchaser(s) and the CDI Group receives the purchase price of such property, the purchase price of that property prepaid by the Group (including the corresponding capital cost tentatively fixed to be 5% annually (subject to adjustment but no less than 5% annually)) shall be refunded to the Group. As such, based on the maximum capital costs to be received by the Group annually being RMB50 million, the proposed annual cap is RMB1.05 billion for each of the three years ending 31 December 2023.

The Group entered into the Inventory Property Underwriting Agreement as it can (i) further extend and enrich the content of its community value-added and synergy services by providing inventory property sales agency services; (ii) benefit financially from the revenues generated from inventory property sales agency services provided to the CDI Group; and (iii) further build up good relationship with the property owners and residents by providing inventory property sales agency services.

Well Land is the controlling shareholder of each of the Company and CDI, and thus CDI is an associate of Well Land. As such, the transactions contemplated under the Inventory Property Underwriting Agreement between the Group and the CDI Group constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules, which are subject to the reporting, announcement, annual review and independent shareholders' approval requirement under Chapter 14A of the Listing Rules. At the extraordinary general meeting held on 30 December 2021, the resolution approving the transactions contemplated under the Inventory Property Underwriting Agreement was passed by the independent shareholders of the Company by way of poll.

During the Year, there was no service fee receivable by the Group under the Inventory Property Underwriting Agreement.

Review by independent non-executive Directors and the auditor of the Company

Pursuant to Rule 14A.55 of the Listing Rules, the INEDs have reviewed the abovementioned continuing connected transactions and confirmed that such transactions have been conducted:

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

(2) on normal commercial terms or better; and

(3) according to the relevant agreements governing the relevant transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's auditor was also 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 Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange. Based on its work, the Company's auditor has provided the Board with a letter confirming that, with respect to the aforesaid continuing connected transactions:

a. nothing has come to the auditor's attention that causes the auditor to believe that the continuing connected transactions have not been approved by the Board;

b. for transactions involving the provision of goods or services by the Group, nothing has come to the auditor's attention that causes the auditor to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;

c. nothing has come to the auditor's attention that causes the auditor to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

d. with respect to the aggregate amount of each of the continuing connected transactions, nothing has come to the auditor's attention that causes the auditor to believe that the continuing connected transactions have exceeded the annual cap as set by the Company.

Save as disclosed above, a summary of material related party transactions made during the Year is disclosed in note 31 to the consolidated financial statements. To the extent that the Group's related party transactions constituted connected transactions or continuing connected transactions as defined in the Listing Rules, the Company had complied with the relevant requirements under Chapter 14A of the Listing Rules during the Year.

EQUITY-LINKED AGREEMENTS

Other than the restricted share incentive scheme adopted in 2021, no equity-linked agreements that will or may result in the Company issuing Shares, or that require the Company to enter into any agreements that will or may result in the Company issuing Shares, were entered into by the Company during the Year and up to the date of this annual report or subsisted at the end of the Year.

PLACING OF NEW SHARES UNDER GENERAL MANDATE (THE "PLACING")

As the Placing represents an opportunity to raise capital for the Company while broadening the shareholder base and capital base, it entered into the placing agreement on 10 December 2021. The net proceeds (after deducting the actual expenses relating to the Placing) from the placing of 131,300,000 new ordinary Shares (the aggregate nominal value of which was HK$1,313,000) to two independent third parties, Cederberg Capital Limited and Ocean Link Management Ltd., under general mandate was approximately HK$546 million (representing a net placing price of approximately HK$4.15 per placing Share), which was based on the placing price of HK$4.16 per placing Share (the closing price as quoted on the Stock Exchange as at 10 December 2021 was HK$4.15 per Share). Such net proceeds will be used in accordance with the intention disclosed in the announcement of the Company dated 10 December 2021. The table below sets out the planned applications of the net proceeds and actual usage up to 31 December 2021:

Use of proceeds	Planned applications (HK$ million)	Percentage of total net proceeds	Actual usage up to 31 December 2021 (HK$ million)	Unutilized net proceeds as at 31 December 2021 (HK$ million)	Expected timeframe for utilizing the remaining unutilized net proceeds [(1)]
Salaries and benefits of additional relevant staff and employees to be hired for new projects	191	35%	–	191	On or before 31 December 2022
Acquisition and maintenance of equipment and materials needed for services	57	10.5%	–	57	On or before 31 December 2022
Supporting the Group's exploration of new business development directions and enrichment of service content	115	21%	–	115	On or before 31 December 2022
Improvement of AI equipment in projects currently under the Group's management, prefect its online shopping platform and increase maintenance of operating software and hardware	19	3.5%	–	19	On or before 31 December 2022
Acquisition(s)	164	30%	–	164	On a before 31 December 2022

Note:

(1) The expected timeline for utilizing the remaining proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of market conditions.

RESTRICTED SHARE INCENTIVE SCHEME

For the purpose of establishing and improving the Company's medium to long-term incentive mechanism to collectively integrate interests of the Shareholders, the Company and the Company's core team, fully motivate the management and core staff of the Company and achieve high-quality development of the Company, the 2021 Restricted Share Incentive Scheme (the "Incentive Scheme") was approved at the extraordinary general meeting of the Company on 27 September 2021. The maximum number of restricted Shares ("Restricted Shares") to be granted to the recipients under the Incentive Scheme is 35,300,000 Shares, representing approximately 2.64% of the total issued Shares as at the date of this annual report. The total number of Shares to be granted to each of the recipients under the Incentive Scheme shall not exceed 1.00% of the total issued Shares.

Pursuant to the Incentive Scheme, the Company can allot and issue of a total of up to 35,300,000 new Shares to the trustee of the Incentive Scheme, who shall hold the Shares on behalf of the incentive recipients of the Incentive Scheme until the Restricted Shares are transferred to the relevant incentive recipients under the Incentive Scheme. Release of the Restricted Shares are conditional on the performance target of the Company and individual assessments of the recipients on each of the lock-up period, and the recipients may subscribe for the Shares allotted and issued to them at a price of HK$2.41 per Share upon fulfillment of such conditions. Details of the Incentive Scheme are disclosed in the announcement of the Company published on 2 July 2021 and the circular of the Company published on 6 September 2021.

During the Year, a total of 28,250,000 Restricted Shares were granted, out of which 1,200,000 Restricted Shares were granted to the Directors. 7,050,000 Shares are Restricted Shares reserved to be granted to the incentive recipient(s). The closing price of the Shares on 30 June 2021 (i.e. the trading day immediately prior to the date on which the terms of the Incentive Scheme was fixed) was HK$4.81. The details of the movement of the Restricted Shares are as follows:

Name of the incentive recipient	Position with the Group	Number of Restricted Shares as at 1 January 2021	Date of grant	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	Number of Restricted Shares as at 31 December 2021	Vesting Period (Note)
Ms. Qiao Haixia	Executive Director	–	4 November 2021	600,000	–	–	–	600,000	4 November 2021 to 3 November 2026
Mr. Huang Danghui	Executive Director	–	4 November 2021	600,000	–	–	–	600,000	4 November 2021 to 3 November 2026
Sub-total				1,200,000				1,200,000	
Employees of the Group									
Senior management of the Company, directors, former directors, supervisor and general managers of the Company's subsidiaries	–	–	4 November 2021	6,080,000	–	–	–	6,080,000	4 November 2021 to 3 November 2026
Other employees of the Group	–	–	4 November 2021	20,970,000	–	–	–	20,970,000	4 November 2021 to 3 November 2026
Total				28,250,000	–	–	–	28,250,000	

Note: All Restricted Shares granted to the incentive recipients are subject to different lock-up periods. The Restricted Shares shall be released starting from 24 months, 36 months and 48 months from the grant date of the Restricted Shares, respectively; and 40%, 30% and 30% of the Restricted Shares will be released during each period, respectively.

The net proceeds received under the Incentive Scheme was approximately HK$68 million (representing a net price of approximately HK$2.41 per Restricted Share). Such net proceeds were intended for general working capital, and were used in accordance with the intention disclosed in the announcement of the Company published on 2 July 2021.

The validity period of the Incentive Scheme shall end on the date on which all lock-up restrictions imposed on the Restricted Shares are lifted or all Restricted Shares granted to the Incentive Recipients were repurchased, which shall be no later than 26 September 2031.

RETIREMENT BENEFIT SCHEMES/PENSION SCHEME

Retirement benefits to employees are provided through defined contribution plans.

The retirement benefits costs charged in the income statement represent the contributions payable in respect of the current year to the retirement benefits scheme managed by respective local social security bureau in accordance with government regulations in different jurisdictions. The forfeited contributions (by us on behalf of employees who leave the scheme prior to vesting fully in such contributions) will not be used by us to reduce the existing level of contributions. Please refer to note 2.21 to the consolidated financial statements for the Year for more information.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Save for the issue of Shares pursuant to the Placing and the Incentive Scheme, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities up to the date of this annual report.

CORPORATE GOVERNANCE

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Particulars of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 49 to 62 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained a sufficient public float (i.e. at least 25% of the issued Shares were held by the public) as required by Rule 8.08 of the Listing Rules.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee") (comprising all four INEDs, namely Mr. Lee Cheuk Yin Dannis (committee chairman), Mr. Cheung Kwok Kwan, J.P., Mr. Li Kwok Tai James and Mr. Wu Yat Wai) has reviewed with the management the audited consolidated financial statements of the Company for the Year.

INDEPENDENT AUDITOR

The Group's consolidated financial statements for the Year have been audited by Grant Thornton Hong Kong Limited which will retire and, being eligible, offer itself for re-appointment at the AGM. Having approved by the Board upon the Audit Committee's recommendation, a resolution to re-appoint Grant Thornton Hong Kong Limited and to authorise the Directors to fix its remuneration will be proposed at the AGM.

There has been no change in auditor in any of the preceding three years as of 31 December 2021.

On behalf of the Board

ZHUANG Yuekai
Chairman and Non-executive Director

Hong Kong, 25 March 2022

The Board hereby presents to the Shareholders the corporate governance report for the year ended 31 December 2021 (the "Reporting Period").

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving high corporate governance standards. It believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules.

The Board is of the view that throughout the Reporting Period, the Company has complied with all the applicable principles and code provisions as set out in the CG Code.

The Company has in place a corporate governance framework and has established a set of policies and procedures based on the CG Code contained in Appendix 14 to the Listing Rules. Such policies and procedures provide the infrastructure for enhancing the Board's ability to implement governance and exercise proper oversight on business conduct and affairs of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules for dealings in securities of the Company by the Directors and relevant employees who are likely to be in possession of unpublished inside information of the Company.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code from the Reporting Period.

No incident of non-compliance of the Model Code by the relevant employees was noted by the Company from the Reporting Period.

BOARD OF DIRECTORS

The Company is headed by an effective Board which oversees the Group's businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing them.

Board Composition

The Board currently comprises the following Directors:

Executive Directors
Ms. Qiao Haixia *(Chief Executive Officer)*
Mr. Huang Danghui

Non-executive Directors
Mr. Zhuang Yuekai *(Chairman)*
Mr. Lin Weiguo

Independent Non-executive Directors
Mr. Cheung Kwok Kwan, J.P.
Mr. Lee Cheuk Yin Dannis
Mr. Li Kwok Tai James
Mr. Wu Yat Wai

The biographical information of the Directors are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 23 to 28 of this annual report.

None of the members of the Board is related to one another.

Board Meetings and Directors' Attendance Records

Regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors.

During the Reporting Period, four Board meetings, one annual general meeting and two extraordinary general meetings (the "EGM") were held. Details of the attendance of the Directors are as follows:

Name of Directors	Attendance of Board meeting	Attendance of annual general meeting	Attendance of EGM
Ms. Qiao Haixia	4/4	1/1	1/2
Mr. Huang Danghui	4/4	1/1	1/2
Mr. Zhuang Yuekai	4/4	1/1	2/2
Mr. Lin Weiguo	4/4	1/1	2/2
Mr. Cheung Kwok Kwan, J.P.	4/4	1/1	2/2
Mr. Lee Cheuk Yin Dannis	4/4	1/1	2/2
Mr. Li Kwok Tai James	4/4	1/1	2/2
Mr. Wu Yat Wai	4/4	1/1	1/2

Apart from regular Board meetings, the chairman of the Board ("Chairman") also held meeting with independent non-executive Directors without the presence of other Directors for compliance with the code provision C.2.7.

Chairman and Chief Executive Officer

The positions of Chairman and chief executive officer of the Company ("Chief Executive Officer") are held by Mr. Zhuang Yuekai and Ms. Qiao Haixia respectively. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The Chief Executive Officer focuses on the Company's business development and daily management and operations generally.

Independent Non-executive Directors

During the Reporting Period, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors are independent.

Appointment and Re-election of Directors

The non-executive Directors (including independent non-executive Directors) are appointed for a specific term of three years from their respective date of appointment, which is renewable automatically for successive terms of one year commencing on the day immediately after the expiry of the then current term of his/her appointment, subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association.

Under the Articles of Association, at every annual general meeting of the Company, one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to, but not less than one-third shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. The retiring Directors shall be eligible for re-election. Moreover, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director appointed to fill a casual vacancy shall hold office only until the next following general meeting of the Company, any Director appointed as an addition to the Board shall hold office only until the next following general meeting of the Company, and in each case such Director shall then be eligible for re-election at the relevant meeting.

Accordingly, Ms. Qiao Haixia, Mr. Lee Cheuk Yin Dannis, Mr. Li Kwok Tai James will retire from office by rotation at the annual general meeting, and being eligible, have offered themselves for re-election. Save as disclosed under "Service Contracts of Directors" of this annual report, none of the Directors who is proposed for re-election or any other Directors has a service contract that is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction shall be supplemented by visits to the Company's key plant sites and meetings with senior management of the Company.

Directors should participate in appropriate continuous professional development ("CPD") to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading materials on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

The record of CPD relating to director's duties and regulatory and business development that have been received by the Directors for the Reporting Period are summarized as follows:

Name of Directors	Type of Training [Note]
Executive Directors	
Ms. Qiao Haixia	A/B
Mr. Huang Danghui	A/B
Non-executive Directors	
Mr. Zhuang Yuekai	A/B
Mr. Lin Weiguo	A/B
Independent Non-executive Directors	
Mr. Cheung Kwok Kwan, J.P.	A/B
Mr. Lee Cheuk Yin Dannis	A/B
Mr. Li Kwok Tai James	A/B
Mr. Wu Yat Wai	A/B

Note:

Types of Training

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

The list of the chairman and members of each Board committee is set out under "Corporate Information" on pages 2 to 3.

Audit Committee

The Audit Committee consists of four independent non-executive Directors, namely Mr. Cheung Kwok Kwan, J.P., Mr. Lee Cheuk Yin Dannis, Mr. Li Kwok Tai James and Mr. Wu Yat Wai. Mr. Lee Cheuk Yin Dannis is the chairman of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditor, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the Reporting Period, the Audit Committee held two meetings to review the annual financial results and report in respect of the year ended 31 December 2020, the interim results and report for the six months ended 30 June 2021, and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, appointment of external auditor and engagement of non-audit services and relevant scope of works and, connected transactions and arrangements for employees to raise concerns about possible improprieties.

The Audit Committee also met the external auditor twice without the presence of the executive Directors.

The attendance of the members of the Audit Committee are as follows:

Name of Members of the Audit Committee	Attendance
Mr. Lee Cheuk Yin Dannis *(Chairman)*	2/2
Mr. Cheung Kwok Kwan, J.P.	2/2
Mr. Li Kwok Tai James	2/2
Mr. Wu Yat Wai	2/2

Remuneration Committee

The Remuneration Committee consists of five members, namely Mr. Zhuang Yuekai, non-executive Director, Mr. Cheung Kwok Kwan, J.P., Mr. Lee Cheuk Yin Dannis, Mr. Li Kwok Tai James and Mr. Wu Yat Wai, independent non-executive Directors. Mr. Wu Yat Wai is the chairman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

During the Reporting Period, the Remuneration Committee held one meeting to review and make recommendation to the Board on the remuneration policy and structure of the Company and the remuneration packages of the executive Directors and senior management and other related matters.

The attendance of the members of the Remuneration Committee are as follows:

Name of Members of the Remuneration Committee	Attendance
Mr. Wu Yat Wai *(Chairman)*	1/1
Mr. Zhuang Yuekai	1/1
Mr. Cheung Kwok Kwan, J.P.	1/1
Mr. Lee Cheuk Yin Dannis	1/1
Mr. Li Kwok Tai James	1/1

Details of the remuneration of the Directors and the senior management of the Company by band are set out in the note 13 to the Financial Statements for the year ended 31 December 2021.

Nomination Committee

The Nomination Committee consists of five members, namely Mr. Zhuang Yuekai, non-executive Director, Mr. Cheung Kwok Kwan, J.P., Mr. Lee Cheuk Yin Dannis, Mr. Li Kwok Tai James and Mr. Wu Yat Wai, independent non-executive Directors. Mr. Zhuang Yuekai is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The principal duties of the Nomination Committee include reviewing the Board composition, developing the criteria for identifying and assessing the qualifications of the evaluating candidates for directorship, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidates' relevant criteria as set out in the terms of reference of the Nomination Committee and Board Diversity Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendations to the Board.

During the Reporting Period, the Nomination Committee held one meeting to review the structure, size and composition of the Board and the independence of the independent non-executive Directors and to consider the qualifications of the retiring Directors standing for election at the annual general meeting. The Nomination Committee considered that an appropriate balance of diversity perspectives of the Board is maintained and has not set any measurable objective implementing the Board diversity policy.

The attendance of the members of the Nomination Committee are as follows:

Name of Members of the Nomination Committee	Attendance
Mr. Zhuang Yuekai *(Chairman)*	1/1
Mr. Cheung Kwok Kwan, J.P.	1/1
Mr. Lee Cheuk Yin Dannis	1/1
Mr. Li Kwok Tai James	1/1
Mr. Wu Yat Wai	1/1

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board and is available on the website of the Company. The Company recognizes and embraces the benefits of having a diverse Board and sees diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

A true diverse Board will include and make good use of differences in the talents, skills, knowledge, regional and industry experience, background, gender and other qualities of the members of the Board. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. All appointments of the members of Board are made on merit, in consideration of the talents, skills and experience the Board as a whole requires to be effective.

The Nomination Committee reviews and assesses the composition of the Board and makes recommendations on any proposed changes to the Board to complement the corporate strategy of the Company. In reviewing and assessing the composition of the Board, the Nomination Committee will consider the benefits of all aspects of diversity, including without limitation, those described above, in order to maintain an appropriate range and balance of talents, skills, knowledge, experience and background on the Board.

The Nomination Committee will discuss and agree annually all measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption. At any given time, the Board may seek to improve one or more aspects of its diversity and measure progress accordingly.

At present, the Nomination Committee considered that the Board composition is in line with the Board Diversity Policy and the Board has not set any measurable objectives.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

The criteria for the Nomination Committee to select and recommend a candidate for directorship include the age, gender, skill, knowledge, experience, integrity and potential contributions to the Board in respect of available time and relevant interest to discharge duties as a member of the Board and whether he/she can demonstrate a standard of competence commensurate with his/her position as a Director. The recommendations were made into consideration composition of the Board and the Board Diversity Policy, with due regard to the overall effective function of the Board as a whole. Relevant members of the Nomination Committee have to abstain from voting when their own nomination was being considered.

DIRECTOR NOMINATION POLICY

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

The Company has adopted a Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- Requirements of independent non-executive Directors on the Board and independence of the proposed independent non-executive directors in accordance with the Listing Rules; and
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings as below:

(i) Appointment of New Director

— The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

— If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).

— The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.

— For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendation to shareholders in respect of the proposed election of director at the general meeting.

(ii) Re-election of Director at General Meeting

- The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring director and the level of participation and performance on the Board.

- The Nomination Committee and/or the Board should also review and determine whether the retiring director continues to meet the criteria as set out above.

- The Nomination Committee and/or the Board should then make recommendation to shareholders in respect of the proposed re-election of director at the general meeting.

Where the board proposes a resolution to elect or re-elect a candidate as director at the general meeting, the relevant information of the candidate will be disclosed in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

During the Reporting Period, there was no change in the composition of the Board.

Corporate Governance Functions

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

During the Reporting Period, the Board had reviewed the Company's corporate governance policies and practices, training and CPD of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Written Employee Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such 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 the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including risk identification, risk analysis, risk response, risk monitoring and risk reporting processes.

The objectives of the Company's risk management systems are to ensure that the Company operates an effective risk management system, to introduce the established risk management policy into the daily operations of the Company's business units, to cultivate and encourage awareness of risk management within the Group and to measure different risks, to monitor and control risks effectively and to ensure effective mitigation of risks, and the reduction of impact of risks.

The Company encourages its employees to adopt a proactive risk management approach to further strengthen the Group's risk awareness culture. The risk management system is incorporated into the business processes of our business units within the Group in order to mitigate the impact of risks with effective risk management policies. Evaluation has been conducted at least annually to confirm that risk management procedures and control policies are properly complied with. The Company also has engaged external professional firm for performing independent review of the adequacy and effectiveness of the risk management and internal control systems.

The Company has an internal audit function to focus on the adequacy and effectiveness of its risk management and internal control systems.

The management assessed the likelihood of risk occurrence, provided treatment plans, and monitored the risk management progress, and reported to the Audit Committee and the Board on all findings and the effectiveness of the systems. The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2021.

The Board, as supported by the Audit Committee as well as the management, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2021, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2021.

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

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 119 to 123.

AUDITOR'S REMUNERATION

The remuneration paid and payable to the Company's external auditor in respect of audit services and non-audit services for the year ended 31 December 2021 amounted to approximately HK$0 and HK$1,264,000 respectively.

An analysis of the remuneration paid and payable and payable to the external auditor of the Company, Grant Thornton Hong Kong Limited, in respect of audit services and non-audit services for the year ended 31 December 2021 is set out below:

Service Category	Fees Paid/Payable
Audit Services	0/HK$1,124,000
Non-audit Services	
— Due Diligence in respect of risk management review and internal control review services (Paid to Grant Thornton Advisory Services Limited)	0/HK$140,000
	0/HK$1,264,000

COMPANY SECRETARY

Ms. Leung Ching Ching has been appointed as the Company's company secretary. Ms. Leung Ching Ching is a senior manager of the Corporate Services Division of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services.

All Directors have access to the advice and services of the company secretary on corporate governance and board practices and matters. Ms. Luo Yi, the chief financial officer of the Company, has been designated as the primary contact person at the Company which would work and communicate with Ms. Leung Ching Ching on the Company's corporate governance and secretarial and administrative matters.

For the year ended 31 December 2021, Ms. Leung Ching Ching has undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

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

Convening an Extraordinary General Meeting

Shareholders are encouraged to attend all general meetings of the Company. According to Article 10.3 of the Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any member(s) of the Company deposited at the principal place of business of the Company in Hong Kong or, in the event the Company ceases to have such a principal place of business, the registered office specifying the objects of the meeting and signed by the requisitionist(s), provided that such requisitionist(s) held as at the date of deposit of the requisition not less than one-tenth of the number of issued shares in the Company which carries the right of voting at general meetings of the Company. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board, provided that any meeting so convened shall not be held after the expiration of three (3) months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

The Company's Principal Place of Business in Hong Kong located at Room 3517, 35/F, Wu Chung House, 213 Queen's Road East, Wan Chai, Hong Kong.

Putting Forward Proposals at General Meetings

There are no provisions allowing Shareholders to put forward new resolutions at the general meetings of the Company under the Articles of Association. However, Shareholders who wish to put forward proposal at general meetings of the Company may make a requisition to convene an extraordinary general meeting following the procedures set out above.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address:	Room 3517, 35/F, Wu Chung House, 213 Queen's Road East, Wan Chai, Hong Kong (For the attention of the Board of Directors)
Fax:	(852) 2525 7890
Tel:	(852) 2525 7922

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Procedures for Shareholders to propose a person for election as a Director

The following procedures are subject to the Articles of Association and the applicable legislation and regulations.

If a Shareholder (other than the person to be proposed), who is duly qualified to attend and vote at the general meeting of the Company, wishes to propose a person for election as a Director at that general meeting, he/she/it can deposit a written notice at either of the following addresses:

Headquarters of the Company in the PRC
Unit 703, 7th Floor
C&D International Building
No. 1699 Huandao East Road
Xiamen, PRC

Hong Kong branch share registrar and transfer office of the Company
Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

In order for the Company to inform all Shareholders of that proposal, the written notice must state the full name of the person proposed for election as a director, his/her biographical details as required by Rule 13.51(2) of the Listing Rules, and be signed by the Shareholder concerned together with a written notice of the person proposed for election as a director indicating his/her willingness to be elected and consent to the publication of his/her personal information.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company is endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meetings, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

The Articles of Association has been amended and restated with effect from the Listing Date. The Company has not made any changes to Articles of Association during the Year. An up to date version of the Articles of Association is also available on the Company's website and the Stock Exchange's website.

Policies relating to Shareholders

The Company has in place a Shareholders Communication Policy to ensure that Shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

The Company has adopted a Dividend Policy on payment of dividends. The Company do not have any pre-determined dividend payout ratio. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the Dividend Policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the Shareholders' approval. Such details have been disclosed in this annual report.

CONSTITUTIONAL DOCUMENTS

There was no change to the Company's Articles of Association during the Year.

I. ABOUT THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. Introduction of the Report

This is the second Environmental, Social and Governance ("ESG") report published by the Group (the "Report"). The Report aims to provide stakeholders with a full picture of the Group's philosophy, management, actions and effectiveness in ESG in 2021. The Board of Directors of the Group is responsible for monitoring the content of the report and ensuring that it does not contain false entries, misleading statements or material omissions.

2. Scope and Boundary of the Report

The Report covers the business of property management services, community value-added and synergy services and value-added services to non-residents and other services of the Group from 1 January 2021 to 31 December 2021. For details of the Company's business strategy, operations and financial performance, please refer to the annual report 2021 of the Company.

3. Preparation Basis of the Report

The Report has met all the "comply or explain" provisions as set out in Appendix 27 Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") under the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited issued by The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). The content index of the ESG Reporting Guide is set out in Appendix 3 of the Report for users' quick search.

The Report has been prepared in accordance to four major principles of materiality, quantitative, balance, and consistency, striving to fully manifest the management and achievements of the Group on the aspect of ESG.

Reporting Principles	Definition	Response from the Group
Materiality	The issues covered in the Report should reflect the Group's significant impact on the economy, environment and society, or the areas that affect the assessments and decisions by stakeholders.	Through continuous communication with stakeholders, combined with the Group's strategic development and business operations, identify current major sustainable development issues, and disclose the Group's ESG risks and management measures.
Quantitative	The Report should disclose key performance indicators in a measurable manner.	Quantitative disclosure is made in respect of the Group's environmental and social key performance indicators, while textual explanation is performed against the quantitative information.
Balance	The Report should reflect the overall sustainability performance of the Group in an impartial manner.	The Group has explained in detail the sustainable development matters that have a significant impact on the business, including the results of the work and the challenges it faces.
Consistency	The Group should ensure that consistent information disclosure principles are used in the Report.	The Group will ensure that the disclosure scope and reporting method of the Report are generally consistent from year to year, so that stakeholders can compare the Group's performance.

4. **Source of reporting information and data**

The information disclosed in the Report is derived from the Group's formal documents, reports or relevant public information. All data used in the Report comes from relevant functional departments of the Company and its selected subsidiaries. Unless otherwise stated, the data in the Report has been presented in RMB.

5. **Publication method of Report**

The Report is available in both Chinese and English, and is distributed in electronic form. In case of discrepancy between the English and Chinese versions of the Report, the Chinese version shall prevail. The electronic version of the Report can be accessed on the official website of the Group (http://www.cndservice.com) or website of the Hong Kong Stock Exchange (www.hkexnews.hk).

II. CONCEPT AND GOVERNANCE OF SUSTAINABLE DEVELOPMENT

1. **Concept of Sustainable Development**

The Group has always adhered to the concept of sustainable development and has made economic development, social harmony and environmental sustainability an important reference for corporate development. We will actively integrate the concept of sustainable development into our daily business decisions and implement it to create value for our shareholders, residents, employees, suppliers and the environment.

Corporate Mission

Improve and enhance our own service quality and develop new service areas constantly to cope with customers' ever-changing needs, so that customers can live a better quality of life.

Corporate Vision

To connect people and space by managing and operating from residences to commercial enterprises to the wider urban space; building a service network covering core living needs including entertainment and consumption, living, office and elderly care, with an aim to becoming the benchmark of the industry.

Corporate Value

Proactively explore the needs of customers, constantly exceed their expectations, create high-quality modern property management services, and cooperate with our employees, customers and suppliers to build a happy life together.

2. Management of Sustainable Development

The Group attaches great importance to ESG management and is aware of the potential impact of service quality improvement, employment management and environmental impact management on the Group's financial performance and sustainable development.

The Group has developed an ESG governance structure with clear responsibilities and obligations at each level. The Board, as the highest decision-making level of the ESG governance structure, is fully responsible for the Group's ESG strategy and reporting, overseeing the revision and implementation of the Group's ESG-related strategies, deploying resources to ensure the effective operation of ESG risk management, and reviewing and formally approving the annual ESG report. The Board has established an ESG Working Group and delegated the ESG Working Group to perform the ESG monitoring duties of the Board within its terms of reference, including the assessment and determination of ESG-related risks and opportunities; the formulation of the Group's ESG management policies, strategies, priorities and objectives, and the review of the Group's performance in relation to ESG-related objectives through the setting of indicators, etc. The ESG Working Group reports regularly to the Board of Directors on the progress and recommendations on the above ESG issues. As a core member of the ESG Working Group, the head of each business unit is responsible for implementing the ESG management strategy and continuously following up on the progress of achieving the ESG management objectives.

The Group has established and continuously improved its risk management and internal control system and has incorporated ESG risks into its comprehensive corporate risk management system. The Group regularly conducts risk assessment and response work, monitors the implementation of risk management policies and reports regularly to the Board on the control of material risks. For more details on risk management and internal control, please refer to the"Corporate Governance Report" of the Group.

ESG Governance Structure

III. COMMUNICATION WITH STAKEHOLDERS

The Group continues to improve its communication mechanism with stakeholders such as shareholders, investors, employees, customers/residents and suppliers, and strives to create rich and flexible multi-level communication channels to ensure that the communication channels are open, transparent and effective, so as to better listen to the views and suggestions of various stakeholders and provide targeted responses.

Stakeholders	Communication Channels	Major Concerns	Response from the Group
Shareholders and investors	• Annual general meeting • Group's official website • Investor's contact number • Interviews and meetings	• Financial performance • Operating transparency • Risk management • Investor interests	• Improving profitability • Regular disclosure of business information • Risk control management • Calling a general meeting
Staff	• Questionnaires and interviews • Employee engagement survey • Feedback platform • Staff training	• Career development prospects • Compensation and benefits • Healthy and safe working environment • Fair promotion and development opportunities	• Build talent development channel • Protection of competitive salary and benefits • Improve health and safety management system • Employee communication and grievance mechanism
Customers/ Residents	• Customer satisfaction questionnaire and interviews • Customer communication hotline • Community events	• Product quality • Customer service quality • Customer privacy and security • Customer rights protection	• Service quality assurance • Customer privacy protection • Compliance marketing • Improve customer communication mechanism
Suppliers	• Regular evaluation by suppliers • Supplier conference • Supplier recruitment visits • Supplier skills exchange/ training sessions	• Integrity cooperation • Business ethics and reputation • Win-win cooperation • Experience sharing	• Improve supplier cooperation mechanism • Facilitate daily communication • Creating a responsible supply chain • Fulfillment of contracts in accordance with the law

Stakeholders	Communication Channels	Major Concerns	Response from the Group
Partners	• Expert training • Online/offline communication and exchange meetings • Partner research	• Market collaboration • Resource sharing • Improve management effectiveness	• Establishing a resource base for market collaboration • Actively connect to group resources • Continuous improvement of internal management
Government/ Supervisory Department	• Cooperation projects • Interviews • Tax information reporting	• Discipline and law-abiding • Paying taxes in accordance with the law • Support local development	• Operate in accordance with the law and regulations • Paying taxes on time and in full • Active implementation of relevant policies
Community/ Street Office	• Community events • Disclosure of public information	• Protecting the community environment • Promoting the community development	• Practicing green operation • Promoting community culture
Public Interest Institution/ Organization	• Community events • Press releases	• Supporting social welfare • Promoting social progress	• Developing welfare projects • Commitment to charity

IV. ASSESSMENT OF MATERIAL ESG ISSUES

The Group attaches importance to the assessment of material ESG issues. Through the assessment of material ESG issues, the Group understands the importance of each ESG issue to the Group's business development and the concern of stakeholders in a timely and comprehensive manner, and takes proactive measures to further promote the disclosure of ESG the Group's information and the continuous improvement of the management of related issues.

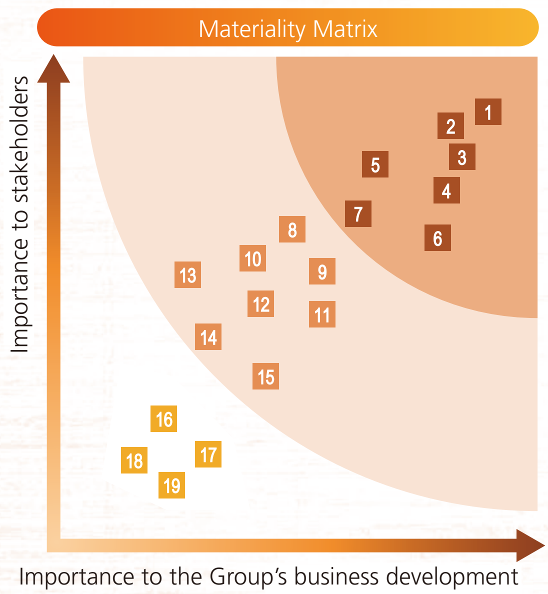
Specified procedures for materiality assessment of ESG issues during the Year were as follows:

Step 1
ESG issues Identification
Identify 19 material issues in accordance with "ESG Reporting Guide" of the Hong Kong Stock Exchange in combination with the Group's business development status, hot topics in the market and political environment.

Step2
Stakeholder Communication
Communicate with stakeholders through various channels (such as interviews) and collect their feedback on the Group's ESG performance in 2021 and expectations.

Step 3
Assessment of material ESG issues
Assess analysis result by management of the Group, prioritize the material issues and prepare ESG materiality matrix.

Step 4
Respond to material issues
Confirm disclosure focus of the Report in accordance with opinion from stakeholders and results of materiality analysis and respond to the issues in the Report by the Group's management.



Materiality	Sort by	Material issues
Very important	1	Service quality and customer satisfaction
	2	Customer health and safety
	3	Promoting smart property development
	4	Employees' health and safety
	5	Employees' recruitment and career advancement
	6	Establishing a culture of integrity
	7	Employees' training and development
Important	8	Customer privacy and information security
	9	Employees' rights and care
	10	Resource and energy efficiency
	11	Green office and promotion for environmental protection
	12	Diversity and equal opportunities
	13	Response to climate change
	14	Supply chain environment and social risk management
	15	Waste water and waste management
Less important	16	Waste and greenhouse gas emissions management
	17	Promoting community development
	18	Reasonable marketing and promotion
	19	Intellectual property maintenance and protection

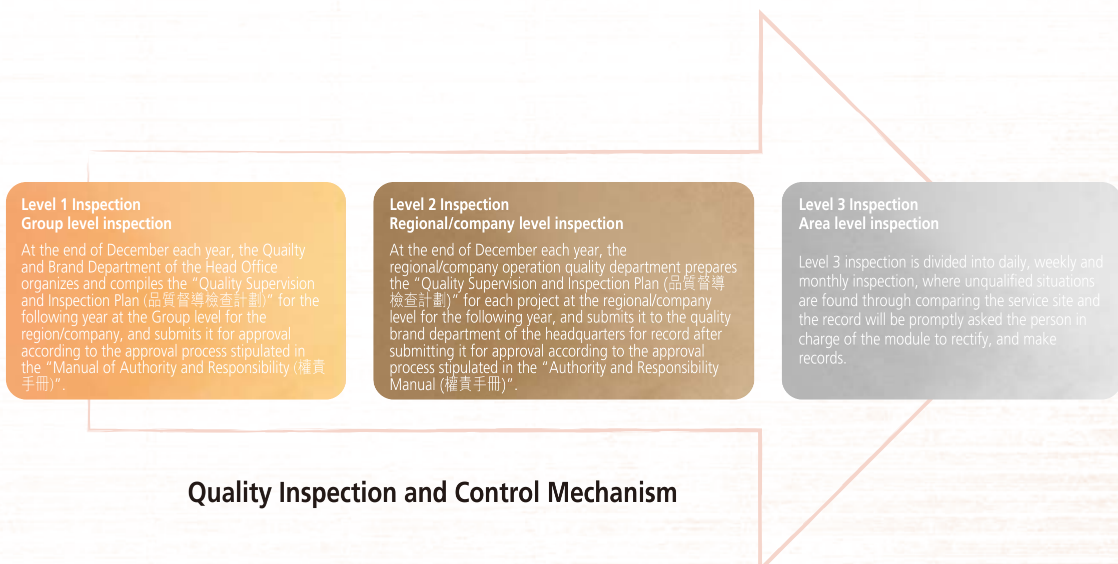
The results of the year's materiality assessment show that stakeholders' concerns are mainly focused on service quality and customer satisfaction, customer health and safety, promoting smart property development, and employee health and safety. We attach great importance to the views of our stakeholders and will highlight the relevant issues in this Report to respond to their requests, and use the results as an important reference for the Group's sustainable development plan in the coming year.

V. QUALITY SERVICE TO CREATE A BETTER LIFE

With "courtesy" as the core, the Group adheres to the corporate mission of "developing new value of service, making life better" and sticks to the philosophy of "quality first, customer first", striving to provide the ultimate service experience for residents. We strictly complied with the requirements of laws and regulations including the *Law of the People's Republic of China on Product Quality*, *Law of the People's Republic of China on Urban Real Estate Management and Property Management Regulations* in our daily operation and management, and adopted multiple measures to ensure the quality and safety of our services to our residents, striving to become a trustworthy urban service operator.

1. Protecting service quality

We have formulated and implemented internal policies including the *Guidance Manual for Quality Management of Pre-intervention (前期介入質量管理指導手冊)* and the *Assessment Standards for Key Implementation Items (Revised) (重點推行項考核標準(修訂))* to establish a three-level service quality control system of *Group — Region/Company — Area (集團 — 區域/公司 — 片區)* to achieve hierarchical supervision of service quality. Meanwhile, we ensure the quality of our property services by formulating operational guidelines for each module, including quality, engineering and order, conducting regular service quality assessments and evaluations, and taking improvement and control measures according to the actual situation.



Quality Inspection and Control Mechanism

As at 31 December 2021, the Group's property management portfolio covers 49 cities in 16 provinces, municipalities and autonomous regions in the PRC, with a total gross floor area under management of approximately 33.0 million square meters, providing services to over 200,000 property units, including property management services, area value-added and collaborative services, non-owner value-added services, etc. The Group has attained Level 1 qualification in property management and are certified to ISO 9001 Quality Management System, ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety Management System. During the Year, the Group was awarded 32nd in 2021 TOP100 Property Management Companies in China, 34th in Top 100 Property Service Companies in 2021 and 2021 Top 100 of Most Valuable Brand of China Property Management Service, which fully demonstrates the market recognition and affirmation of the quality of the Group's property services.

ISO 9001 Quality Management System

ISO 14001 Environmental Management System

ISO 45001 Occupational Health and Safety Management System

2. Smart Property Management

With the development of the Internet of Things and other technologies, the concepts of smart property and smart community are gradually gaining attention and expectation from the industry and residents. The Group continues to strengthen its investment in information-based operations and smart communities, actively exploring technology-enabled property service scenarios and innovative property service models to create a smart service experience for residents and facilitate their lives.

During the Year, the Group combined the development of Internet, Internet of Things, cloud computing and other technologies based on the "Huishenghuo*(慧生活)" one-stop community service platform, adding new functions such as cell phone door opening, online property, online information and neighbourhood circle to further optimize the quality of property services and enhance user experience, and promote the construction of smart communities. Meanwhile, we have introduced multi-functional intelligent equipment, including floor sweepers, floor scrubbers, floor cleaners, and door post panels, through intelligent property platforms and applications such as smart car parks and intelligent cloud video monitoring, to provide residents with a better service experience while improving the efficiency of property services.

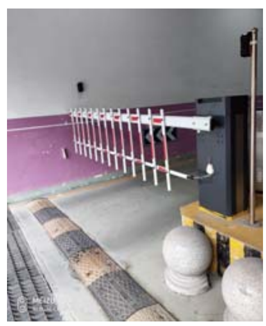
Open door with phone*（手機開門）	Achieve opening door with phone, QR code visitor, opening door with Bluetooth (partly), face recognition function, change the access method to make it easier for residents and visitors to enter and exit
Online properties	Provide a full range of property services, such as real-time repair reports, real-time complaints, online quick enquiries and payment of property fees, and efficient handling of property service problems of residents
Online information	Transfer district activities, announcements and latest news that were originally offline to online, allowing residents to receive the latest information real-time and participate in the latest activities
Neighbourhood Circle*（鄰里圈）	Promote communication and exchange among residents, and develop a trading platform for second-hand idle items to strengthen neighbourhood ties and rationalize the use of idle resources

Some functions of "Huishenghuo(慧生活)"*

Case sharing: Tianqi Platform and Smart Carpark*（天啟平台和智能車場）

In order to achieve real-time monitoring of the parking lots of property projects to protect property safety, the Group upgraded its intelligent car park system and connected it to Tianqi Platform, with vehicle data being uploaded to Tianqi Platform simultaneously to achieve unified data categorization, aggregation, statistics, analysis and storage management. During the Year, the Tianqi Platform has covered 116 projects of the Group, with a coverage rate of 46.96%.

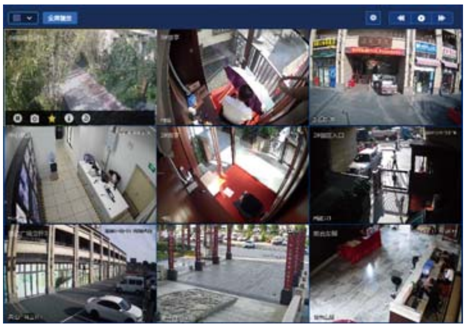
Screenshot of Tianqi Platform system



Live view of smart carpark

Case sharing: Intelligent cloud video surveillance

The Group has introduced an intelligent cloud video surveillance system, which can conduct AI analysis and pre-warning on behaviors such as personnel leaving the post, personnel gathering and driveway occupation, so as to facilitate timely handling of project safety hazards, realize online monitoring, centralized management and unified supervision, and provide safer intelligent district management for residents.



Screenshot of intelligent cloud video surveillance system

Case sharing: Intelligent cleaning equipment

The Group has introduced an intelligent cloud video surveillance system, which can conduct AI analysis and During the Year, the Group introduced intelligent cleaning equipment to realize the functions of automatic sweeping, automatic vacuuming, automatic sprinkling, and automatic retracting and releasing of rolling brushes, etc. The super high cleaning efficiency has solved the heavy work of garage and floor hygiene, and made it more convenient for floor mopping, realizing the transformation of traditional properties to technological and intelligent properties.

Floor scrubber

Floor sweeper

3. Diversified Value-added Business

While striving to provide high quality property services, the Group always focuses on the needs of residents and uses domestic demand to drive the development of community economy, providing a full range of value-added businesses that meet the needs of residents, such as housekeeping business, group purchase business, space operation business, contactless delivery business, beauty home business and rental and sales business.

Home living services
Home living services includes daily cleaning, home appliance cleaning, deep cleaning, moving, babysitting and other diversified services to improve the quality of family life.

Value-added services for public areas
"Lilehui* (鯉樂薈)" is a space operation service that provides a quality and harmonious space to meet the needs of children's activities, parent-child interaction, and community exchange.

Smart community services
We select quality products and services to build a quality life together; put in contactless takeaway cabinets to solve the problem of unprotected stacking and delivery contact of takeaway to protect the health and safety of residents and customers.

Home beauty service
The Group provides one-stop home beauty service to residents and customers through the integration of nationwide suppliers involved in home renovation and furniture matching.

Real estate brokerage and asset management services
The Group operates a second-hand property rental and sales agency business in small areas nationwide, matching residents and customers with customers and properties quickly.

Case sharing: C&D Property Zhenxuan* (建發物業臻選)

C&D Property Zhenxuan* (建發物業臻選) is a chain mall with unified operation and management of the Group's headquarter and regional outlets, focusing on regional microstore management, providing residents and corporate customers in small areas with quality goods and services for their daily needs, and promoting sales in various ways through application, microstore, WeChat public number and mini-program to meet multi-point and multi-terminal purchasing needs. As of 31 December 2021, the stores cover 14 districts, with an average of 500 daily visitors, nearly 9,000 page views per day, 87,000 cumulative customers, and an average monthly turnover of over RMB1,500,000, with significant benefits and praises from many parties.

Page view of C&D Property Zhenxuan (建發物業臻選)*

Case sharing: Children's growth space

"Lilehui* (鯉樂薈)" is the Group's brand for community children's development space. During the Year, the Group has introduced "Lilehui* (鯉樂薈)" to the clubhouse spaces of the Xiamen Yangzhu and Xiyue projects, the design of which not only focuses on the spiritual needs of children, but also on their sports needs, bringing a fresh sense of experience to the residents due to the unique shape of the space, which has been unanimously praised by the residents after opening.

Live view of Xiamen Yangzhu and Xiyue clubhouse

4. Residents' Health and Safety

The Group attaches great importance to the health and safety of its residents and has taken a series of measures to enhance the safety index of the community in an effort to create a harmonious and safe community environment.

Community safety control measures

The Group has formulated and implemented internal systems such as the *Public Area Hidden Danger Inspection System of C&D Property* and the *Penalty System for Safety Supervision of C&D Property* to carry out regular safety management inspections, follow up and rectify the problems found in a timely manner, and establish a reward and punishment mechanism by linking the inspection and rectification results to the performance appraisal of project managers to clarify the management responsibilities at each level. Meanwhile, the Group has formulated emergency plans for fires, security incidents, gas leaks, water and electricity outages, natural disasters, and emergency medical treatment for residents to further protect the health and lives of residents and ensure that emergency measures can be implemented in a timely and orderly manner to minimize losses in case of emergencies.

During the Year, the Group continued to improve the community's "Nine Precautions" safety responsibility system. By comprehensively integrating a project's safety prevention intelligent equipment + physical prevention + human prevention, an all-rounded, three-dimensional "Nine Systems" safety system based upon the safety prevention plan and management model of "human prevention as main strategy and technical prevention as complementary strategy for comprehensive prevention (人防為主、技防為輔、全面防範)" is established to ensure zero security incidents.

Human prevention

Inspection and screening at door gates, visitor registration, 24-hour patrolling, tracking down suspicious person

By adopting the principle of "tightening outside and loosening inside", a professional and high quality maintenance team is set up to guard the main entrances and exits 24 hours a day and patrol the areas 24 hours a day, and to strictly implement the registration system for outsiders.

Technical prevention

Access control system, closed-circuit monitoring system, security alarm system

The intelligent security facilities and equipment such as surveillance, infrared perimeter, building intercom and electronic patrol system are fully utilized in the project, and the scientific management of the fire control center is used to construct multiple technical defense systems to ensure that there is no deficiency in security prevention and control work.

Emergency management

Safety reminders to establish safety contingency plans

Comprehensively sort out the various unfavorable factors that may give rise to security incidents, develop a set of contingency plans to prevent and handle security emergencies, strengthen training, so that all staff are familiar with it to ensure timely and effective disposal of security emergencies when they occur.

Meanwhile, in order to effectively reduce the probability of high altitude throwing incidents, the Group has issued the *Guideline on Throwing Objects from Height*, requiring all units to correctly respond to and prevent high altitude throwing incidents in accordance with the requirements of the law, so as to ensure that the Group does not run the risk of accountable safety incidents caused by improper management of high altitude throwing; posting the "*Notice on the prohibition of throwing objects from height*" in the area, so that residents are fully aware of the hazards of high altitude throwing and strive to create a clean, comfortable and safe living (or working) environment.

In addition, the Group further strengthened the safety incident response capability of its property staff through extensive safety management training and fire emergency drills, such as explaining national property management standards such as *Property Services Safety and Emergency Response and Property Management Terminology* to property staff. During the reporting period, a total of 1,512 safety drills for firefighting, elevator and typhoon and flood prevention were conducted, with a total of 15,083 participants.

Case sharing: Elevator safety drill

In September 2021, the Group launched an elevator safety drill at Zhongyang Tiancheng project. The drill included staff maintaining the order of the scene, calming the trapped people and cooperating with the elevator maintenance unit to carry out rescue operations. The drill strengthened residents' knowledge of elevator safety and improved the emergency handling capability of property staff.

Elevator safety drill at Zhongyang Tiancheng project

Case sharing: Fire safety drill

In June 2021, the Group launched a fire-fighting and evacuation drill at Xiamen Jianfa Yuexiang Centre* (廈門建發悦享中心). The drill mainly included early stage firefighting, personnel evacuation, firefighting facilities and equipment linkage, casualty ambulance and property protection, and firefighting practical exercises. Through this drill, the awareness of fire safety and self-rescue skills of the staff and customers of the mall were further improved, and they were assisted in grasping firefighting equipment and fire escape methods.

Fire-fighting equipment drills

Quick evacuation by staff at mall

Preventive and control measures for the COVID-19 outbreak

In response to the outbreak of the local epidemic in Xiamen, Fujian in September 2021, the Group quickly set up an epidemic prevention and control team and issued documents such as *Important Reminder on Prevention and Control of Novel Coronavirus*, *Notice on Strengthening the Implementation of Epidemic Prevention and Control Management Requirements* and *Notice on Upgrading the Deployment of Epidemic Prevention and Control Work* to actively respond to the instructions of the local government authorities on the prevention and control of the novel coronavirus epidemic ("COVID-19" or "Epidemic"), stand at the forefront of the fight against the epidemic in the community and safeguard the health and safety of residents with practical actions.

In the epidemic, the Group prepared more than 40,000 items of living materials in 7 hours, spanning more than 1,800 kilometers from 15 cities across China; we completed the soft installation of more than 4,600 sets of isolation rooms in 4 isolation sites (Xiang'an Linqian Complex, Yangtang Phase III, Xindian Metro Phase II, and Haicang Xinyang Phase II) after 140 hours of day and night struggling; we trained and rehearsed property staff to provide immediate service; we worked continuously for more than 30 days and nights to satisfactorily complete the work of providing living protection for direct and indirect contacts in isolation.

During the epidemic, the Group achieved effective monitoring of the community safety situation through intelligent property services and 360-degree strict protection to fight a comprehensive epidemic interdiction battle and safeguard community safety. Major measures include:

- Epidemic grid-based management, real-time monitoring and control of the epidemic, and good forecasting and early warning;

- Start checking the health code, entry and exit registration, and temperature testing at the gate to protect the health and safety of the residents;

- Infrared thermal imaging temperature measurement equipment and face recognition access control equipment were added at the gate of the office project to reduce the waiting time for inspection, avoid crowding, ensure fast passage of people, and reduce the occurrence of gathering situations.


Disinfection of the area


Measurement of body temperature for residents


Group photo of anti-epidemic staff

Case sharing: Take-away express delivery, vaccination kits and vegetable delivery events

Due to travel restrictions during the epidemic prevention period, the convenience of residents' lives is affected to varying degrees. The Group has been aware of this demand of the residents and has actively joined hands with quality vegetable suppliers to organize the "Fight the Epidemic, Bring the Vegetables Home" campaign, in which housekeepers go door-to-door to deliver fresh vegetables to the residents for free. On the premise of disinfection of vegetables and packaging, fresh ingredients were purchased on the same day and delivered on the same day, and the whole process of "contactless" delivery was carried out; for special customers, a series of service actions such as take-away and express delivery to households, regular garbage throwing, and free delivery of epidemic prevention kits were carried out to ensure the normal operation of residents' home life.


Housekeepers delivering vegetables

5. Customer rights protection

The Group strictly complied with the *Law of the People's Republic of China on the Protection of Consumers' Rights and Interests*, the *Law of the People's Republic of China on Network Security*, the *Advertising Law of the People's Republic of China*, and other laws and regulations, complied with the requirements on customer rights and interests, protection of consumer information security and privacy, and compliant marketing, adhered to the bottom line of marketing, ensured the truthfulness and accuracy of information exported to the outside world, protected the legitimate rights and interests of customers, and continuously improved customer satisfaction.

Handle customer requests and improve satisfaction

The Group has formulated and implemented the "Guideline on customer request handling operations (客戶訴求處理作業指導書)" to standardize the work procedures for handling customer requests, improve service quality, ensure that customer requests are resolved in a timely and reasonable manner, and effectively improve the timely rate of handling customer requests, thereby enhancing customer satisfaction with property services.

Customers can provide feedback through the service center's daily reception, service hotline, application "Huishenghuo* (慧生活)", housekeepers' phone, complaint mailbox/e-mail, etc. All complaints are recorded into the system, and designated customer service staff will respond to customer requests within one hour. The person-in-charge of responding to customer service will fill in the work order to the processing person within the time limit, and the processing person should finish processing within 24 hours. For the problems that cannot be solved temporarily, we will take the initiative to communicate and actively follow up until the request is finished. After the request has been processed, a return visit will be made to the customer within 24 hours. During the reporting period, the Group reached a 91.66% complaint satisfaction rate.

In order to continuously improve the quality of our services and to meet the service needs of our residents in various aspects, the Group actively conducts customer satisfaction surveys to understand the voices of our residents in a timely manner and continuously improve the quality of our services. Internally, we understand the needs of our customers through the "Customer Satisfaction Survey", listen to their opinions and suggestions, and actively take improvement measures. The evaluation of project managers (district general manager and project manager) has been linked to customer satisfaction in order to effectively enhance the satisfaction of property services. Meanwhile, we engaged a third-party professional organization to conduct a customer satisfaction survey for the whole year. Based on the survey results, we conducted a comprehensive analysis, proposed a rectification plan and organized its implementation, and supervised and followed up on the implementation of the plan by the responsible persons at all levels to ensure effective improvement of service quality. During the Year, the Group's annual customer satisfaction survey covered 8,223 residents, with a customer satisfaction rate of 91.1%.

Information security and privacy protection

The Group strictly abided by laws and regulations including the *Network Security Law of the People's Republic of China* and the *Regulations on the Protection of Personal Information of Telecommunications and Internet Users*, and has formulated the "*Information Management System of C&D Property Services Group Limited*" and the *Information Security Guidance Manual for Employees of C&D Property Services Group Limited* for matters such as system authority, network usage, computer usage, data security, electronic document security, account security and email security, and has strengthened the standardized management of information security through the following measures to reduce the risk of information security and privacy leakage.

Management of access rights

- Avoid granting incompatible duties to the same user by assigning role privileges to employees according to their positions and duties;
- Regularly check system logs and record system user behavior to further ensure information security.

Emergency drills

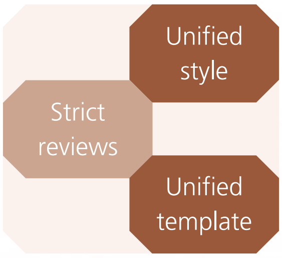
- Set up an information security emergency mechanism, with a dedicated person in charge, to carry out emergency drills regularly and improve the information management system;
- Organize annual comprehensive risk assessment of information assets, and adjust information risk control and security management strategies.

Integrity promotion and marketing

The Group strictly complied with the *Advertising Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China* and other relevant laws and regulations, standardized the process of information dissemination and daily management of the Group's self-media, fully utilized the role of the official self-media matrix for external publicity and information exchange, and promoted the enhancement of the Group's property brand influence in the new era.

The Group formulated and implemented internal management systems such as the "Guidelines on Self-Media Management (自媒體管理指引)" to clarify the rules and regulations for the creation and use of self-media accounts as well as the reward and punishment mechanism, etc. Specific requirements include.

- Each regional company shall use the promotional data templates and promotional slogans issued by the Group's brand management center for daily promotional work; ;
- The visual design of logos and trademarks used externally by each regional company shall be consistent with the design style stipulated by the Group Headquarters;



- All promotional materials used by various departments and programs of the Group are subject to strict examination by the Brand Management Center for authenticity, compliance and reasonableness to ensure the truthfulness and reliability of the information disseminated to the public and to eliminate any form of non-compliant publicity.

6. Intellectual Property Rights Protection

The Group strictly complied with the *Patent Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China* and other laws and regulations to regulate the management process of the Group's registered trademarks, patents, software copyrights and other intellectual property rights. To avoid the risk of infringement, the Group required its employees to uninstall all unauthorized software, conduct comprehensive inspections of employees' work computers, etc., and prohibit employees from using software or materials without copyright or unknown residentship in order to avoid the risk of infringement.

VI. PEOPLE-ORIENTED TO ACHIEVE THE FUTURE TOGETHER

The Group adhered to the principle of "*people-oriented and caring for employees*", strictly complied with laws and regulations such as the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China* and the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, formulated and implemented internal management systems such as the "*Guidelines on Talent Cultivation and Development Management*", continuously strengthened the construction of human resources management system and protected the legitimate rights and interests of employees. We attach great importance to the development and growth of our employees, actively care for their physical and mental health, listen to their voices, integrate their needs into the Group's business development, and strive to achieve the common growth and progress of our employees and the Group.

1. Attracting outstanding talents

The Group formulated and implemented internal systems such as the *Administrative Measures on Talent Recommendation and Incentives (人才推薦獎勵管理辦法)* and *Management Manual for Employee Resign (員工離職管理指引)*, striving to provide equal development opportunities and a broad development platform for employees and establish a fair and equitable recruitment system. The Group selects talents through school recruitment, social recruitment and internal recommendation to ensure that the recruitment process is not influenced by factors such as race, nationality, age, gender, political views, marital status, religious beliefs and social origin, and that any form of discrimination is eliminated. The Group has also established a comprehensive approval process and management procedures for employees who need to leave the Group, and has standardized the handling of salary settlement and labour relations of employees.

As of 31 December 2021, the total number of employees of the Group reached 11,057.

Case sharing: School recruitment

During October-November 2021, the Group visited Southwest University of Science and Technology, Fujian Normal University, Xiamen Institute of Technology, Guangxi University for Nationalities, Chengdu University of Technology and other universities in the province and held a total of 13 school recruitment seminars, attracting nearly 800 students to participate in the presentations and interviews through the presentation of corporate culture, school recruitment positions, career development and cultivation model, which received good responses from university students and schools, and promoted the employment support for university students.

Scenes from school recruitment

Scenes from seminars

2. Leading the growth of employees

The Group attaches importance to staff training and talent pipeline construction, formulates and implements internal management systems such as *Administrative Measures on Staff Certification (員工考證管理辦法)* and the *Internal Trainer Management System (內訓師管理制度)*, and continuously improves the training and development system and encourages staff to obtain various certificates and professional titles related to industry skills, such as Central Control Certificate, Elevator Safety Officer Certificate, Security Certificate, junior/middle/senior accountant title, etc. The Group offers employees related rewards for undertaking examinations, to motivate staff to continuously learn and improve themselves.

The Group developed the training system of the talent ladder based on the length of employment and business experience, and set up five training levels, namely, Jingmiao Class* (菁苗班), Jingcai Class* (菁才班), Jinggan Class* (菁幹班), Elite Class and Leadership Class, to provide differentiated training for outstanding reserve talents at all levels and to provide talent guarantee for the rapid development of the Group. Meanwhile, the Group continues to improve the functions of the online learning platform "Zhixingli (職行力)" application to realize flexible and convenient staff training through a combination of online and offline methods.

The training system of the talent ladder

Jingmiao Class* (菁苗班)

It is targeted at cultivating business knowledge and management ability through job rotation and other means for outstanding new recruits. During this year, Jingmiao Class* (菁苗班) covered 170 management trainees in three sessions.

Jingcai Class* (菁才班)

It is targeted at standard implementation, and focuses on problem-solving skills at the supervisory level. During the Year, 412 employees were trained in the Jingcai Class* (菁才班).

Jinggan Class* (菁幹班)

It is targeted at system implementation, and focuses on the ability of persons-in-charge of functional departments/areas/projects. During the Year, a total of 152 reserve candidates were identified by Jinggan Class* (菁幹班).

Elite Class

It is targeted for persons-in-charge of regional areas/functions, and focuses on management and professional competence, and comprehensive enhancement of project management skills. During the year, 159 people were trained in the Elite Class.

Leadership Class

It is targeted at regional and city team members above the assistant director level and persons-in-charge of group functionaries, and focuses on the improvement of management ability and professional ability. During the Year, the leadership class covered a total of 58 people.

Case sharing: Offline: 2021 Jingmiao Class* (菁苗班) Training

From 16 to 18 July 2021, the Group organized Jingmiao training for school management trainees of year 2021 at the headquarters, covering corporate culture, professional knowledge and information system, etc. A total of 122 participants attended the training, with a participation rate of 98.97%. In addition, the training also included expansion activities to help new employees quickly understand and integrate into the Group's cultural atmosphere and adapt to their work quickly.

Group photo of management trainees of year 2021

Scenes from management trainee training

Meanwhile, the Group continued to provide an online course system for employees through the online training "Zhixingli (職行力)" platform, which matches employees with the required courses according to their positions, efficiently empowering employees and effectively activating their and the organization's potential. During the Year, the number of active accounts on the platform was 7,674, the total number of learning hours was 63,996, and the course completion rate reached 87.36%, of which the average score of property courses was 9.39 (out of 10).

Screenshot of "Zhixingli (職行力)" platform

In addition, the Group uses face-to-face TTT empowerment courses and blended learning to build the comprehensive skills of the internal trainer team, enhance the lecturing skills of internal trainers, and help the Group cultivate talents. On Teacher's Day 2021, the Group held a competition for internal trainers and selected 40 winners, including the Preaching Award, the Full of Experience Award, the KOL Lecturer Award, and the Talented Lecturer Award, to establish a model of excellent internal trainers and create a good learning atmosphere. During the reporting period, the Group had 140 internal trainers.

3. Protecting the interests of employees

The Group has strictly complied with the *Law of the People's Republic of China on the Protection of Minors*, *Regulations on Prohibition of Child Labor* and other laws and regulations to promote fair employment and protect the legitimate rights and interests of employees. We have strictly checked the age of our employees through ID cards in the recruitment process and strictly prohibit the employment of child labor. If we find that the identity of a candidate is not true, the age does not match or forced labor is found, the Group will promptly conduct corresponding investigations, implement internal rectification and hold the personnel in dereliction of duty accountable. The Group also makes reference to international labor standards and regulations to ensure employees' collective bargaining rights. Meanwhile, we do not compel our employees to work overtime, and employees who worked overtime are entitled to corresponding rest breaks to protect their rights and interests. During the reporting period, the Group did not identify any case of child labor or forced labour.

Compensation, benefits, appraisal and promotion

The Group combined the characteristics of the positions and the market level to determine the fixed portion of the salaries of the employees and paid bonuses based on the actual performance of the employees to ensure that the salaries of the employees matched their abilities and performance. In addition, we provide our employees with a welfare system that covers five insurances and one fund (五險一金), commercial insurance, heat stroke and cold prevention expenses, annual leave, statutory holidays, etc.. We also conduct annual market surveys on the salary situation and make salary standard adjustments based on the survey results to ensure that we provide competitive salaries and benefits to our employees in order to enhance their sense of well-being and belonging.

Statutory benefits

- Medical insurance
- Unemployment insurance
- Maternity insurance
- Employment injury insurance
- Pension insurance
- Provident fund

Company benefits (set up according to different positions) and allowance are divided into the following categories:

- Public transportation allowance
- Off-site working allowance
- Communication allowance
- Management trainee allowance
- Teaching allowance
- Special job allowance
- Holiday allowance
- Heat stroke/cold prevention subsidy
- Birthday allowance
- Company annuity
- Group commercial insurance for employees
- Staff health management

In order to stimulate the enthusiasm of employees and to enrich the talent reserve for strategic development, the Group formulated and implemented internal management systems such as the *C&D Property Market Development Staff Performance Appraisal Regulations for 2021* and the *Performance Appraisal Management Regulations of the Order Department of Yijiayuan* to establish a comprehensive employee performance appraisal and promotion system, and set appraisal indicators and details for employees at various levels and in different positions, and conduct regular appraisals. The results of the performance appraisal were associated with employees' performance wages/ bonuses and were used as a reference for annual merit evaluation, job promotion and internal recruitment.

Employees' Communication and Care

The Group always advocates employee participation and democratic communication, and actively establishes various channels of employee communication to listen to valuable opinions of employees and make improvements. The labour unions established by the Group regularly conduct communication activities with employees and actively listen to their voices.

During the Year, the Group issued and implemented the "Instructions on Strengthening Employee Communication Requirements", requiring each regional company to publicize the contact information of the unit general manager and the Human Resources and Administration Department at each organizational level corresponding to the office area, employee dormitory and other areas, so as to further broaden the communication channels with the employees and practically solve the problems of their concern. Meanwhile, in November 2021, the Group conducted an employee satisfaction survey through anonymous online questionnaires to collect employees' opinions and suggestions on corporate culture, teamwork, talent training and development, work atmosphere and interpersonal relationship, etc. The overall employee satisfaction rate reached 99%.

The Group advocates work-life balance and promotes the health and well-being of employees by organizing caring activities such as holiday celebrations and summer heat protection to foster harmonious coexistence among employees and create a more harmonious team atmosphere.

Case sharing: Celebrate 1 June , "Walking with You"

On 1 June 2021, in order to celebrate Children's Day, the Group's labour union held a "Walking with You" event, setting up many nostalgic mini-games to attract employees' participation in an innovative way, enliven the cultural life of employees, and enhance their sense of belonging and corporate cohesion.

Scenes from "Walking with You" on Children's Day (1 June)

Case sharing: Celebrate Women's Day

On 8 March 2021, the headquarters of the Group organized the "Women's Day (March 8)" event. Special cards were made for female employees and beautiful gifts were prepared to spread the warmth and make female employees feel the care of the Company.

"Women's Day" gift to staff

Case sharing: "Beautiful Summer" event

In July 2021, the Group organized a summer heat prevention and cooling activity with the theme of "Beautiful Summer", and sent cooling gifts such as fruits, beverages and roughage to the frontline employees.

In addition, we also provide training on heatstroke prevention for front-line employees, and conduct publicity and education on first-aid knowledge and heatstroke prevention and cooling measures to further improve employees' self-protection ability in high temperature weather.

Cooling gifts in summer

4. Protecting employees' health and safety

The Group has strictly complied with the *Safety Production Law of the People's Republic of China*, the *Occupational Diseases Law of the People's Republic of China* and other relevant laws and regulations, and constantly paid attention to employees' physical and mental health, striving to create a healthy and safe working environment for our employees.

The Group attaches great importance to the prevention and control of the epidemic. During the period when the epidemic was rampant, the Group issued and implemented the "Important Tips on Prevention and Control of the New Coronavirus" and other guidance documents in a timely manner, and took measures to protect the health and safety of our employees by providing sufficient epidemic prevention materials, launching epidemic prevention publicity, setting up epidemic prevention courses and conducting daily temperature testing and disinfection.

Adequate epidemic prevention materials
Each item is well stocked with supplies for epidemic prevention and control, such as temperature measuring guns, gloves, protective clothing, etc. Medical masks and disinfectant water are stocked to ensure a month or more of dosage, and are inventoried and replenished every seven days.

Launch of epidemic prevention event
Posting of epidemic prevention posters, such as personal epidemic prevention guidelines and tips on wearing masks, covering all floors and workplaces in the epidemic area to enhance employees' awareness of epidemic prevention and safety.

Anti-epidemic courses
"Zhixingli (職行力)" platform has uploaded 10 courses on epidemic prevention filmed by the Group, and organized daily training for employees in epidemic areas for better personal protection.

Daily temperature measurement and disinfection
In the infected areas, daily disinfection is carried out in the front desk, offices, employee dormitories and other public areas, and daily temperature monitoring and health code checks are conducted for each person and data is submitted.

Delivery of epidemic prevention materials

Anti-epidemic poster

The Group continuously paid attention to the occupational health and safety of its employees, clarified the safety management responsibilities of each unit, strictly enforced supervision and inspection, and actively strengthened the health and safety protection for employees by conducting safety training and drills and equipping employees with safety protection equipment, etc., so as to continuously enhance the awareness and ability of employees to protect themselves and prevent safety accidents from occurring.

Establishing safety practice standards

- We have established standard guidance documents on electrical safety, fire safety, and high altitude operations, and installed eye-catching warnings at the corresponding sites to enhance employee safety awareness.

Security special inspection

- The regional companies regularly carry out self-inspection on safety production, and to rectify identified hidden safety hazards in a timely manner. The Group headquarters conducts random checks on key projects under management.

Safety training and drills

- We regularly conduct safe production training, skill competitions, emergency drills for fire, typhoon and flooding to enhance our staff's ability to handle unexpected or dangerous events.

Safety protection equipment

- The Group issues protective gears such as overalls, work shoes and helmets to employees in special positions to ensure their work safety;
- We provide our employees with manuals and training on the use of safety equipment.

Sympathy for heat preservation

- We regularly visit the front-line employees who work under high temperature and send them comforting products to prevent heatstroke;
- We promote the knowledge of heat stroke prevention and first aid to our employees to improve their self-protection ability.

Health screening and insurance

- We arrange regular health check-ups for our employees every year to record their health conditions;
- We have commercial insurance for our employees to proactively protect them against accidental risks

Measures to protect the occupational health and safety of employees

Posters on safety-related standards

VII. COLLABORATIVE DEVELOPMENT TO BUILD A CULTURE OF INTEGRITY

The Group has firmly established the awareness of compliance risk prevention and control, and has carried out the construction of a clean culture in an orderly manner to create a cultural atmosphere of clean business. Meanwhile, we continue to strengthen the management of environmental and social risks in the supply chain and actively maintain a good cooperative relationship with our suppliers, striving to achieve mutual benefits and a win-win situation.

1. Construction of integrity culture

The Group attaches great importance to the construction of a culture of integrity, strictly complies with the *Anti-Money Laundering Law of the People's Republic of China*, the *Anti-unfair Competition Law of the People's Republic of China* and other laws and regulations, formulates and implements internal management systems such as the "Certain Regulations on Employee Integrity and Self-discipline of Xiamen C&D Group Limited", actively assumes the responsibility of compliance management, continuously improves policies and measures to prevent bribery, extortion, fraud and money laundering, and urges all employees to comply with the law and work with integrity, so as to create an honest and trustworthy business environment.

The Group has strengthened the awareness of directors and employees of the Company to be vigilant to the professional red lines of corruption, money laundering, bribery and falsification through activities such as anti-corruption and anti-corruption construction training, watching anti-corruption educational videos and visiting red bases, and gradually deepened the awareness of anti-corruption construction within the Group.

We have established anonymous reporting channels such as mailboxes and letters. Upon receipt of a report, the Group will investigate and strictly handle the reported information according to the internal system requirements, distinguishing the nature and severity of the incident. In addition, the Group also regularly conducts special inspections, such as special inspection of epidemic materials and supplies and special inspection of letters and complaints, to improve the integrity and compliance governance system and deepen employees' awareness of anti-corruption. During the reporting period, there was no legal cases regarding corruption filed and concluded against the Group or its employees.

Case sharing: Anti-corruption and integrity training for directors and employees

In 2021, the Group organized the directors of the Company to study the "Anti-Corruption and Integrity Implementation Requirements and Case Sharing of Group Companies", emphasizing the awareness of integrity and self-discipline of cadres, requiring them to abide by discipline and rules, be serious and cautious, and consciously pursue high standards in integrity and self-discipline.

Meanwhile, the Group launched anti-corruption and integrity training for all employees. The training includes the promotion of integrity and self-discipline norms, and the interpretation of examples of violations of integrity norms within the company, in order to prevent state-owned enterprises from committing crimes. Through the vivid interpretation of cases, the training greatly promoted the awareness of the company's employees on the work of integrity education and helped to create a culture of integrity and self-discipline.

Anti-corruption cases shared by directors

Anti-corruption and integrity training for employees

2. **Supply chain management**

The Group has strictly complied with the requirements of the *Tender Law of the People's Republic of China* and other laws and regulations, practiced the concept of mutually beneficial and win-win cooperation with suppliers, and continuously strengthened the management of the whole process of supplier inspection, scoring, inventory evaluation and contract performance assessment to ensure fairness and impartiality in the introduction of suppliers and the quality of products supplied, and actively maintained a good cooperative relationship with suppliers.

Supplier management process

The Group formulated and implemented internal management systems such as *Manual of Procurement Planning Management (採購策劃管理手冊)*, *Manual of Tender Procurement Management (招標採購管理手冊)* and *Manual of Supplier Management (供方管理手冊)* to regulate the whole process management of suppliers and regularly evaluate and assess the quality of suppliers to ensure the provision of quality services and products by suppliers. Specific processes include:

Supplier sourcing

- Collect information from potential suppliers through channels such as source search, market search, internal and external recommendations, and the media;

Supplier inspections

- Establish an inspection team to review supplier information, such as the supplier's operating license, production permit, honorary certificate, technical authentication documents, proof of qualification level, and other information;
- Understand the service level, product quality, logistics supply and industry reputation of suppliers simultaneously.

Supplier ratings

- After completing the inspection, the inspection team will score and evaluate the content of the inspection and fill out the "Supplier Inspection and Evaluation Form" to recommend qualified suppliers to enter the Group's supplier pool;

Supplier inventory review

- Based on the assessment, the inspection team will initiate an application for online suppliers to be included in the inventory, and after approval at all levels, the supplier information and prices will be included in the inventory.

Supplier performance evaluation

- The suppliers will be graded according to their evaluation scores; suppliers who fail the evaluation will be blacklisted and will not be allowed to participate in any tender procurement activities of the Group within two years from the date of public announcement.

Supplier environment and social risk management

The Group strengthened the management of environmental and social risks in the supply chain in accordance with the internal management systems such as the *Manual of Procurement Planning Management (採購策劃管理手冊)*, *Manual of Tender Procurement Management (招標採購管理手冊)* and *Manual of Supplier Management (供方管理手冊)*, and fully incorporated the consideration of environmental and social-related performance in various aspects such as supplier inspection and scoring, giving priority to suppliers with environmental management system certification, quality management system certification and occupational health and safety management system certification. To ensure that the products and materials used meet or exceed national environmental protection and health requirements standards and improve the quality of services and products; to assess and score whether suppliers pay medical insurance and social insurance for their employees to effectively strengthen the assessment of environmental and social risks of suppliers.

Meanwhile, the Group continuously and deeply promoted the concept of green and environmental protection procurement, giving priority to the selection of green and environmental protection materials and supplies, improving the recycling and reuse of resources, and practically reducing the adverse impact on the environment in the procurement process.

Promote transparent procurement
The Group has strictly complied with the laws and regulations relating to tendering and procurement, including the Law of the People's Republic of China on Tendering and Bidding, and regulated the tendering and procurement process to eliminate underhand operations. The Group adheres to the principle of openness and transparency and discloses information on the tendering process to ensure fair, just and open tendering decisions. Meanwhile, we require suppliers to sign the Integrity Agreement and urge them to implement and enforce integrity in procurement and eliminate any form of corruption, bribery and corrupt practices. The Group will deal with suppliers who violate the rules and regulations according to the seriousness of the situation, and will pursue compensation and legal responsibility in serious cases.

VIII. LOW CARBON ENVIRONMENTAL PROTECTION WITH CONSTRUCTION OF GREEN PROPERTIES

The Group has always practiced green and low-carbon sustainable operation methods and actively responded to the national goal of "3060 Carbon emissions peak and carbon neutrality (3060碳達峰、碳中和)" to promote the standardization process based on the ISO 14001 environmental management system, and implement the management system and measures related to energy and emission reduction, water and waste reduction to reduce the possible impact on the environment and natural resources, actively integrate the concept of sustainable development in the property management services, and advocate the participation of stakeholders in green and environmental protection actions to help the construction of ecological civilization.

1. Objectives of environmental management

The Group has strictly complied with the *Environmental Protection Law of the People's Republic of China*, the *Water Pollution Prevention and Control Law of the People's Republic of China* and the *Air Pollution Prevention and Control Law of the People's Republic of China*, etc. The Group has taken various measures to improve the efficiency of resource use in its daily office and business operations, and is constantly concerned about the risks and opportunities brought about by climate change to its business, and is actively fulfilling its environmental responsibility for sustainable corporate development.

In order to create green property services and strengthen the tracking and control of environmental management benefits, the Group has set four major development goals for emissions management, waste management, energy management and water resources management, and formulated action plans to promote the achievement of the goals in two major dimensions: green community and green office.

Emissions reduction targets	• Reduce unnecessary energy use and implement energy-saving technologies to contribute to limiting the global temperature increase to 1.5°C by the end of the century
Waste reduction goals	• Promote the separation of office waste, strengthen the recycling of office materials, and reduce waste • Sort and recycle solid waste from office areas and legalize hazardous waste disposal
Energy-saving targets	• Continue to deepen the statistical analysis of energy consumption and explore the direction of quantitative targets for energy saving and emission reduction • Develop low-energy office equipment and daily appliances to reduce office power consumption
Water-saving targets	• Actively promote awareness of water conservation and iterative replacement of water-saving appliances to reduce water wastage

2. Green community

The Group has formulated and implemented internal management systems such as the Administrative Measures on Water and Electricity Consumption of C&D Property Service Group Limited (建發物業服務集團有限公司水電能耗管理辦法) and the Letter from the Engineering Technology [2020] No. 2 Energy Saving Control Standard for Public Areas (工程技術函[2020]2號公區節能管控標準), which clearly stipulate the economical use of energy and various resources and strive to reduce energy consumption and carbon emissions and promote the construction of green property services. The Group's water sources mainly come from the municipal pipeline, and some projects use water from nearby rivers for greening and irrigation, so it did not encounter any problem in obtaining appropriate water source.

The Group actively collected data and conducts year-on-year and ring comparison analyses on energy consumption of water and electricity of the projects under its management through the energy consumption analysis system to scientifically formulate energy and water conservation strategies and continuously improved the efficiency of energy and resource usage to reduce the potential impact of the Group's operations on the environment and natural resources. During the Year, the energy saving and environmental protection measures adopted by the Group and the results achieved include but not limited to the following:

Public area lighting	• Install street light remote time controller, reasonable control of switching time, with monthly energy saving of over **12,000 KWH**
Underground garage	• Upgrade ordinary lights to sound-controlled lights or induction energy-saving lights through garage LED light retrofit, saving over **20,000 KWH** per month
Air conditioning system	• Modify air conditioning system for energy saving and install temperature control switch, saving over **32,000 KWH** per month
Precision spray irrigation	• Micro-irrigation for greenery improvement, grid-based precision sprinkler system saves an average of **28%** of water year-on-year
Waste classification	• **86%** coverage of garbage sorting devices, effectively reducing the pollution of garbage to the environment

Case sharing: Use of sprinkler technology in Bihushuangxi* (碧湖雙璽)

Zhangzhou Jianfa Bihushuangxi* (漳州建發碧湖雙璽) project of the Group adopted sprinkler irrigation technology to replace the original manual watering, which not only does not damage the soil dough structure but also increases the irrigation area and realizes the purpose of water conservation. At the same time, the sprinkler irrigation technology has improved the degree of mechanization of watering and effectively saved labor costs. The project under the same circumstances, sprinkler irrigation technology saves 30%-50% of water than manual watering.

Effect diagram of sprinkler

Case sharing: District garbage sorting device

The Group actively promoted the awareness of waste separation among residents through publicity and other means. Residents were highly cooperative with the waste separation initiatives and put away their waste according to the classification in order to reduce the pollution of the environment by waste. During the reporting period, the coverage rate of waste separation installations in the Group's managed projects was 86%, which was unanimously supported and recognized by the residents.

District garbage sorting device

3. Green office

The Group advocates green concepts and strives to integrate green awareness into the daily operation and management of the Company, and continues to optimize the internal resource control measures of the Company. During the year, the Group achieved green office operations mainly through the following measures:

- ✓ Reduce the printing of paper documents by using online office systems such as cost management systems and human resource management systems;
- ✓ Set up additional recycled paper stations in each printing area, promote double-sided printing and encourage to use recycled paper;
- ✓ Regularly inspect office workstations, recycle and reuse office supplies that can be recycled in a timely manner;
- ✓ Light source and water source switches are used as saving signs to promote daily energy saving and water saving awareness;
- ✓ According to the different working hours, the automatic on/off time of various lighting sources in public office areas are set at different times to save power.

4. Response to climate change

As the impact of climate change is becoming more pronounced around the world, it has become a consensus among countries and enterprises to proactively establish a climate change risk management system and actively take measures to cope with climate change. The Group's ESG Working Group is responsible for formulating and reviewing policies related to climate change, overseeing the effective management of climate change risks in the Group's operations, thereby mitigating the impact of climate change on business, adapting to changes in the climate environment and strengthening the Group's resilience to climate change.

The Group regularly reviews the climate risks and impacts of its business operations and identifies climate change issues that may have a significant impact on the Group along two main dimensions: physical risks and transition risks. Physical risks include but are not limited to extreme rainfall, typhoons, earthquakes, extreme cold and hot weather, warming and other risks that may cause assets to be stranded, while transition risks include but are not limited to carbon emission related policy risks. Meanwhile, the Group is well aware that under the national goal of "3060 Carbon emissions peak and carbon neutrality (3060碳達峰、碳中和)", the whole society will actively transform and upgrade to a green, low-carbon and zero-carbon path. Therefore, the Group is actively responding to and implementing a number of measures to minimize the negative impact of climate change risks and seize the opportunities brought by it.

The Group has formulated and implemented internal systems such as the *C&D Property Group's Template for Various Types of Emergency Response Plans (建發物業集團各類突發應急預案模板)* to seek its own ways to cope with the risks of climate change. In response to sudden catastrophic weather such as typhoons, rainstorms, snow and ice, the Group has made specific provisions on emergency management, emergency plans and emergency drills, and prepared special checklists for typhoon and flood prevention to mitigate and counteract the possible impact of climate change on its business.

Case sharing: Typhoon and flood prevention drill at Xiamen Yuexiang Centre* (廈門悅享中心)

In May 2021, the Group launched a typhoon and flood prevention emergency drill for the Xiamen Yuexiang Centre* (廈門悅享中心) project in response to heavy rain and typhoons, including a drill for installing water barriers at the basement entrance and exit, a drill for waterproofing measures for elevators, and a drill for installing fixed doors. Through emergency drills for extreme weather, we accumulated practical experience in handling emergencies and improved the cooperation between departments. After the drills, the Group reviewed them to lay a solid foundation for dealing with extreme weather problems in the future.

Typhoon and flood prevention drill

IX. GIVING BACK TO THE COMMUNITY AND SPREADING THE POWER OF LOVE

1. Community welfare activities

The Group has complied with the relevant provisions of the *Charity Law of the People's Republic of China* and actively participated in social welfare, giving back to the society through practical actions. During the Year, the Group fulfilled its corporate social responsibility by providing supplies to the epidemic quarantine areas, organizing Chung Yeung charity clinics and carrying out "love and support work" to overcome the difficulties together with the people, promote the positive interaction between the enterprise and the society, and strive to promote the harmonious development of the society.

Case sharing: Provide supplies to isolated areas during the epidemic

During the Year, the Group's management went to the frontline to understand the needs of the epidemic prevention staff in the quarantine area and urgently communicated with various channels to procure supplies. The Group sent a total of 1,199 pairs of sports shoes to the epidemic prevention staff, expressing the Group's support to the epidemic prevention work and sympathy to the frontline staff, and contributing to the fight against the epidemic for all people.

Provide supplies to isolated areas

Case sharing: Care for the elderly, Chung Yeung volunteer medical consultation

On Chung Yeung Festival 2021, the Group launched a volunteer medical consultation in the district to provide physical examination and scientific guidance to the residents. The medical volunteers conducted routine examinations, blood pressure measurements and pulse acupuncture to understand the physical condition of the residents. The clinic made the residents aware of the importance of "early prevention of diseases and early detection of diseases" and enabled the residents to enjoy health services right at their doorsteps.

Physical examination for residents

Case sharing: "Love Twinning Support Work (愛心結對幫扶工作)"

The Party Branch of the Group launched the "Love Twinning Support Work (愛心結對幫扶工作)"and started the twinning support work for two people in difficulties in Tongan District, and listened to the voices and expectations of the households in difficulties through sending condolence goods and money on festivals, and communicated and contacted with the targets of support in a timely manner. The Group has given full play to its own advantages, constantly enriched the diversified ways of helping, paid attention to the effectiveness of helping, and fully played the role of the grass-roots party organization as a bastion of struggle.

Send condolence supplies and money to people in need

2. Community activities

In order to create a humanistic community with friendly neighbors, the Group has actively launched community activities to create a warm and harmonious community, create a companionable living experience and strive to achieve shared governance. This year, we have actively focused on the construction of diversified cultures in the community by launching activities such as the National Style Youth and High School Entrance Examination Assistance, and provided more comprehensive services to the residents.

Case sharing: Chinese style youth to promote tradition

On September 3, 2021, the Group launched the 2nd Chinese style youth programme (第二屆國風少年計劃) with the theme of "Junior Chinese Rite (少年中國禮)+ Junior China Walk (少年中國行)+ Junior China Work (少年中國作) + Junior Chinese Voice (少年中國音)". Nearly 1,000 young residents participated and submitted relevant talent videos, effectively promoting the residents of the community to learn and promote traditional Chinese culture with a more positive attitude and creating a positive community culture.

Screenshots of the participating residents' videos

Case sharing: Examination Passing Scheme to assist NCEE candidates

During the period of 2021 National College Entrance Examination (NCEE), the Group organized the "Examination Passing Scheme", NCEE Cheering Series to assist NCEE candidates in the community. Activities include:

- From 1 June, launched a noise reduction initiative to cheer for "silence";
- On 6 June, distributed exam kits to NCEE candidates in the district; ;
- On 4-6 June, collecting caring exam car for 7-8 June;
- On 7-8 June, set up love stations at the entrances and exits of each district, prepare first-aid kits, mung bean soup, tissue paper, disinfectant paper towels, candidate service bags, hot water, bottled water, brown sugar water, disposable raincoats, paper cups, etc.

Nearly 3,000 NCEE candidates received the supplies and examination delivery services prepared by the property, which was well received by the residents.

Staff cheer on NCEE candidates

Exam kits to NCEE candidates

APPENDIX 1: HONORS OF THE GROUP IN 2021

Serial no.	Name of Honor and Award	Awarding entity
1	32th in the 2021 Top 100 Property Management Companies in China	China Index Academy
2	34th in the 2021 Top 100 Property Management Companies in terms of Service Capabilities	Shanghai Yiju Real Estate Research Institute* (上海易居房地產研究院), China Real Estate Appraisal Centre* (中國房地產測評中心)
3	2021 Top 100 Brand Value Property Management Companies in China	Shanghai Yiju Real Estate Research Institute* (上海易居房地產研究院), China Real Estate Appraisal Centre* (中國房地產測評中心)
4	2021 Top 100 Blue-Chip Property Management Companies (2021藍籌物業百強企業)	The Economic Observer* (經濟觀察報)
5	2021 China Property Services Industry Demonstration Base Public Construction Company in Management, "Jiasheng Logistics Park* (嘉晟物流園)	China Index Academy
6	2021 China Property Services Industry Demonstration Base Yijiayuan Projects Under Management, Banshanyujing* (半山御景)	China Index Academy
7	36th in the Top 50 Integrated Strength Property Management Companies in China	Shanghai Yiju Real Estate Research Institute* (上海易居房地產研究院), China Real Estate Appraisal Centre* (中國房地產測評中心)
8	2021 Leading Companies of China in Hospital Property Service	Shanghai Yiju Real Estate Research Institute* (上海易居房地產研究院), China Real Estate Appraisal Centre* (中國房地產測評中心)


證 書
2021中国物业服务百强企业

1.


建发物业服务集团有限公司

2.


2021中国物业服务企业品牌价值100强
2021 Top 100 of Most Valuable Brand of China Property Management Service
建发物业服务集团有限公司
二〇二一年五月

3.


2021蓝筹物业百强企业
建发物业服务集团有限公司
经济观察报

4.


證 書
2021年中国物业服务行业示范基地
“厦门建发公建物业管理有限公司”
管理项目“嘉晟物流园”

5.


證 書
2021年中国物业服务行业示范基地
“怡家园（厦门）物业管理有限公司”
管理项目“半山御景”

6.


500
2021中国物业服务企业综合实力50强
2021 Top 50 of China Property Management Companies
怡家园（厦门）物业管理有限公司
二〇二一年九月

7.


500
2021中国医院物业服务领先企业
2021 Leading Companies of China in Hospital Property Service
厦门建发公建物业管理有限公司
二〇二一年九月

8.

APPENDIX 2: 2021 ENVIRONMENTAL AND SOCIAL KEY PERFORMANCE INDICATORS (KPI)

Environmental Key Performance Indicators (KPI)

ESG Indicators	Unit	Usage/ emissions
A1.2 Greenhouse gas emissions		
Energy indirect greenhouse gas emission (Scope 2)	Tonnes	108.30
A1.3 Hazardous waste produced		
Weight of hazardous waste	Tonnes	0.01
A1.4 Non-hazardous waste produced		
Weight of non-hazardous waste	Tonnes	8.72
A2: Use of resources		
A2.1 Total energy consumption and density		
Electricity consumption	Kilowatt hour	136,817.00
Indirect energy consumption	Kilowatt hour	136,817.00
Total energy consumption	Kilowatt hour	136,817.00
Energy consumption intensity	Kilowatt hour/ square meter	0.49
A2.2 Water consumption and density		
Water consumption	Cubic metre	2,665.30
Water consumption intensity	Cubic metre/ square meter	0.01

Notes to 2021 Environmental KPIs:

(1) Time scope of the data: 1 January 2021 to 31 December 2021.

(2) Scope of data: this report discloses the energy and resources consumption of the Group's headquarters, Xiamen area, Huifeng Jiayuan (滙豐家園) and Jinshan International project in terms of office areas and property management areas, excluding resource consumption and waste generation with costs borne by residents.

(3) Greenhouse gas emissions (Scope 2) were generated from purchased electricity. As the Group did not use other fuels, it is not subject to waste gases and greenhouse gas (Scope 1) emissions.

(4) Emission factors of greenhouse gas of purchased electricity were applied with reference to the 2019 Emission Reduction Projects — Baseline Emission Factors for Regional Power Grids in China (《2019年度減排項目中國區域電網基準線排放因子》) issued by the Ministry of Ecology and Environment of the People's Republic of China. Other emission factors are based on the *ESG Reporting Guide* of the Hong Kong Stock Exchange.

(5) Non-hazardous wastes were mainly office wastes. Hazardous wastes were mainly waste batteries, waste light tubes and bulbs, waste ink cartridges and toner cartridges.

(6) The type of energy consumed by the Group was purchased electricity.

(7) Energy intensity = Total energy consumption/GFA under management; water intensity = water consumption/GFA under management; of which, scope of statistics of GFA under management is in line with the scope of environmental data collection.

(8) Due to nature of the Group's business, packaging materials were not used.

Social Key Performance Indicators (KPI)

ESG Indicators		Unit	Data
B1. Employment			
B1.1 Total workforce by gender, employment type, age group and geographical region.			
Total workforce		Person	11,057
Gender	Male	Person	6,498
	Female	Person	4,559
Employment type	Business	Person	10,418
	Function	Person	281
	Management	Person	358
Age	Age 30 or below	Person	4,292
	Age 31-40	Person	2,850
	Age 41-50	Person	2,298
	Age 50 or above	Person	1,617
Geographical region	Mainland China	Person	11,057
	Overseas regions	Person	0
B1.2 Employee turnover rate by gender, age group and geographical region.			
Overall employee turnover rate		Percentage	37.68
Gender	Male	Percentage	38.41
	Female	Percentage	36.61
Age	Age 30 or below	Percentage	45.10
	Age 31-40	Percentage	34.68
	Age 41-50	Percentage	28.68
	Age 50 or above	Percentage	30.87
Geographical region	Mainland China	Percentage	37.68
	Other regions	Percentage	0

ESG Indicators		Unit	Data
B2. Health and Safety			
B2.1 Number and rate of work-related fatalities occurred in each of the past three years			
Number of work-related fatalities			
	2021	Person	0
	2020	Person	0
	2019	Person	0
Rate of work-related fatalities			
	2021	Percentage	0
	2020	Percentage	0
	2019	Percentage	0
B2.2 Lost days due to work injury			
Lost days due to work injury		Days	1635
B3. Development and Training			
B3.1 The percentage of employees trained by gender and employee category			
The percentage of employees trained		Percentage	92.04
Gender	Percentage of male trained employees	Percentage	91.83
	Percentage of female trained employees	Percentage	92.34
Employee category	Percentage of senior management trained	Percentage	80.36
	Percentage of middle management trained	Percentage	98.52
	Percentage of general staff trained	Percentage	91.77
B3.2 The average training hours completed per employee by gender and employee category			
The average training hours completed per employee		Hours	398.04
Gender	Average training hours employed per male employees	Hours	324.14
	Average training hours employed per female employees	Hours	502.79
Employee category	Length of training for senior management	Hours	447.96
	Length of training for middle management	Hours	485.18
	Length of training for general staff	Hours	392.97

ESG Indicators		Unit	Data
B5. Supply Chain Management			
B5.1 Number of suppliers by geographical region			
Total number of suppliers		–	1,450
Geographical region	Eastern PRC	–	1,213
	Central PRC	–	127
	Northeast PRC	–	0
	Western PRC	–	110
B6: Product Responsibility			
B6.2 Number of products and service related complaints received			
Number of complaints from customers		Incidents	1214
B7. Anti-corruption			
B7.1 Number of concluded legal cases regarding corrupt practices brought against the Group or its employees during the reporting period and the outcomes of the cases		Cases	0
B8. Community Investment			
B8.2 Resources contributed to the focus area.			
Input time		Hours	604
Number of volunteers participating in public welfare activities		Person	5,868

Notes to 2021 Social KPIs:

(1) Number of employees refers to full-time employee.

(2) Employee turnover rate = the number of employees in that category who left in full-year 2021/(total number of employees in that category in full-year 2021 + the number of employees in that category who left in full-year 2021)*100%.

(3) Average percentage of employees trained in the relevant category = Total number of employees trained in the specific category/Total number of employees in the specific category * 100%.

(4) Average number of hours of training for the relevant category of employees = Total number of hours of training for the specific category of employees/number of employees trained in the specific category.

(5) Details of suppliers by geographical region:

- Eastern PRC: Beijing, Tianjin, Hebei, Shanghai, Jiangsu, Zhejiang, Fujian, Shandong, Guangdong, Hainan
- Central PRC: Shanxi Province, Anhui Province, Jiangxi Province, Henan Province, Hubei Province, Hunan Province
- Northeast PRC: Liaoning, Jilin, Heilongjiang Provinces
- Western PRC: Inner Mongolia Autonomous Region, Guangxi Zhuang Autonomous Region, Chongqing City, Sichuan Province, Guizhou Province, Yunnan Province, Tibet Autonomous Region, Shaanxi Province, Gansu Province, Qinghai Province, Ningxia Hui Autonomous Region, Xinjiang Uygur Autonomous Region

APPENDIX 3: CONTENT INDEX OF THE ESG REPORTING GUIDE

ESG Indicators		Disclosure	Corresponding Chapters
Area: Environmental			
A1:Emissions			
General Disclosure	Information on:		
	(a) The policies; and	Disclosed	Low Carbon Environmental Protection with Construction of Green
	(b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Disclosed	Low Carbon Environmental Protection with Construction of Green
A1.1	The types of emissions and respective emissions data	N/A	The Group does not use business vehicles and gas fuel.
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Environmental Key Performance Indicators (KPI) in Appendix 2
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Environmental Key Performance Indicators (KPI) in Appendix 2
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Environmental Key Performance Indicators (KPI) in Appendix 2
A1.5	Description of emissions target(s) set and steps taken to achieve them.	Disclosed	Low Carbon Environmental Protection with Construction of Green
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Disclosed	Low Carbon Environmental Protection with Construction of Green

ESG Indicators		Disclosure	Corresponding Chapters
A2:Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Disclosed	Low Carbon Environmental Protection with Construction of Green
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Disclosed	Environmental Key Performance Indicators (KPI) in Appendix 2
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Disclosed	Environmental Key Performance Indicators (KPI) in Appendix 2
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Disclosed	Low Carbon Environmental Protection with Construction of Green
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Disclosed	Low Carbon Environmental Protection with Construction of Green
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A	The Group is a non-manufacturing enterprise and does not use packaging materials
A3:Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Disclosed	Low Carbon Environmental Protection with Construction of Green
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Disclosed	Low Carbon Environmental Protection with Construction of Green

ESG Indicators		Disclosure	Corresponding Chapters
A4:Climate Change			
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Disclosed	Low Carbon Environmental Protection with Construction of Green
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Disclosed	Low Carbon Environmental Protection with Construction of Green
Area: Society			
B1:Employment			
General Disclosure	Information on:		
	(a) The policies; and	Disclosed	People-Oriented to Achieve the Future Together
	(b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Disclosed	People-Oriented to Achieve the Future Together
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Disclosed	Social Key Performance Indicators (KPI) in Appendix 2
B1.2	Employee turnover rate by gender, age group and geographical region.	Disclosed	Social Key Performance Indicators (KPI) in Appendix 2

ESG Indicators		Disclosure	Corresponding Chapters
B2:Health and Safety			
General Disclosure	Information on:		
	(a) The policies; and	Disclosed	People-Oriented to Achieve the Future Together
	(b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Disclosed	People-Oriented to Achieve the Future Together
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Disclosed	Social Key Performance Indicators (KPI) in Appendix 2
B2.2	Lost days due to work injury.	Disclosed	Social Key Performance Indicators (KPI) in Appendix 2
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Disclosed	People-Oriented to Achieve the Future Together
B3:Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Disclosed	People-Oriented to Achieve the Future Together
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Disclosed	Social Key Performance Indicators (KPI) in Appendix 2
B3.2	The average training hours completed per employee by gender and employee category.	Disclosed	Social Key Performance Indicators (KPI) in Appendix 2

ESG Indicators		Disclosure	Corresponding Chapters
B4:Labour Standards			
General Disclosure	Information on:		
	(a) The policies; and	Disclosed	People-Oriented to Achieve the Future Together
	(b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Disclosed	People-Oriented to Achieve the Future Together
B4.1	Description of measures to review employment practices to avoid child and forced labour	Disclosed	People-Oriented to Achieve the Future Together
B4.2	Description of steps taken to eliminate such practices when discovered.	Disclosed	People-Oriented to Achieve the Future Together
B5:Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Disclosed	Collaborative Development to Build a Culture of Integrity
B5.1	Number of suppliers by geographical region.	Disclosed	Social Key Performance Indicators (KPI) in Appendix 2
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Disclosed	Collaborative Development to Build a Culture of Integrity
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Disclosed	Collaborative Development to Build a Culture of Integrity
B5.4	Description of practices used to promote environmentally-preferable products and services when selecting suppliers, and how they are implemented and monitored.	Disclosed	Collaborative Development to Build a Culture of Integrity

ESG Indicators		Disclosure	Corresponding Chapters
B6: Product Responsibility			
General Disclosure	Information on:		
	(a) The policies; and	Disclosed	Quality Service to Create a Better Life
	(b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Disclosed	Quality Service to Create a Better Life
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A	/
B6.2	Number of products and service related complaints received and how they are dealt with.	Disclosed	Quality Service to Create a Better Life Social Key Performance Indicators (KPI) in Appendix 2
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Disclosed	Quality Service to Create a Better Life
B6.4	Description of quality assurance process and recall procedures.	N/A	/
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Disclosed	Quality Service to Create a Better Life
B7:Anti-corruption			
General Disclosure	Information on:		
	(a) The policies; and	Disclosed	Collaborative Development to Build a Culture of Integrity
	(b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Disclosed	Collaborative Development to Build a Culture of Integrity

ESG Indicators		Disclosure	Corresponding Chapters
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Disclosed	Social Key Performance Indicators (KPI) in Appendix 2
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Disclosed	Collaborative Development to Build a Culture of Integrity
B7.3	Description of anti-corruption training provided to directors and staff.	Disclosed	Collaborative Development to Build a Culture of Integrity
B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Disclosed	Giving Back to the Community and Spreading the Power of Love
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Disclosed	Giving Back to the Community and Spreading the Power of Love
B8.2	Resources contributed (e.g. money or time) to the focus area.	Disclosed	Social Key Performance Indicators (KPI) in Appendix 2

Grant Thornton
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To the members of C&D Property Management Group Co., Ltd
(incorporated in the British Virgin Islands with limited liability)

OPINION

We have audited the consolidated financial statements of C&D Property Management Group Co., Ltd (the "Company") and its subsidiaries (together, the "Group") set out on pages 124 to 205, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Expected credit loss ("ECL") allowance on trade receivables
Refer to notes 2.10, 4(b) and 20 to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
As at 31 December 2021, the Group had trade receivables amounting to RMB133,152,000, net of ECL allowance amounting to RMB6,922,000. Trade receivables have been grouped based on shared credit risk characteristics and the past due status. The Group determines the ECL allowance on trade receivables based on an assessment of the risk of default and the expected loss rate. In performing the assessment, the Group considered the credit quality of the customers by considering their historical settlements record, ageing profile, financial position and other factors, and taking into account of current market condition and forward-looking information at each reporting date. We identified the ECL allowance of trade receivables as a key audit matter due to considerable amounts of judgement and estimation being applied in the assessment of credit risk under the ECL model. These judgements and assumptions including but not limited to the debtors' payment history and creditworthiness, historical default rates, and forward-looking macroeconomic factors.	Our audit procedures in relation to the ECL allowance included: — obtaining understanding on management's assessment on the ECL model of trade receivables, assessing its reasonableness by considering the historical payment records and ageing profile, evaluating adjustment made to the historical loss rates based on current market conditions and forward-looking information with reference to our industry knowledge and market information; — involving our external valuation expert to evaluate the management's judgements in assessing the valuation methodology; — testing, on a sample basis, the accuracy of ageing analysis of trade receivables prepared by the management to supporting documents; and — checking the mathematical accuracy of the calculation of the ECL allowance.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the 2021 annual report of the Company, but does not include 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 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 assisted by the Audit Committee are responsible for overseeing the Group's financial reporting process.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Grant Thornton Hong Kong Limited
Certified Public Accountants
11th Floor
Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

25 March 2022

Lin Ching Yee Daniel
Practising Certificate No.: P02771

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	**2021 RMB'000**	2020 RMB'000
Revenue	5	**1,556,645**	1,028,574
Cost of sales		**(1,167,289)**	(776,894)
Gross profit		**389,356**	251,680
Other income	6	**10,921**	26,243
Selling and marketing expenses		**(3,796)**	(1,716)
Administrative and other operating expenses		**(212,870)**	(136,708)
Provision for expected credit losses allowance on trade and other receivables, net		**(468)**	(259)
Finance income, net	7	**21,509**	15,683
Listing-related expenses		**–**	(9,787)
Share of results of associates		**400**	(1,262)
Profit before income tax	8	**205,052**	143,874
Income tax expense	10	**(44,150)**	(37,036)
Profit for the year		**160,902**	106,838
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**323**	207
Total comprehensive income for the year		**161,225**	107,045
Profit for the year attributable to:			
— Equity holders of the Company		**159,374**	106,118
— Non-controlling interests		**1,528**	720
		160,902	106,838
Profit and total comprehensive income attributable to:			
— Equity holders of the Company		**159,697**	106,325
— Non-controlling interests		**1,528**	720
		161,225	107,045
Earnings per share attributable to the equity holders of the Company (expressed in RMB per share)			
Basic and diluted	12	**0.13**	0.09

The notes on pages 131 to 205 are an integral part of these consolidated financial statements. Details of dividends payable to equity holders of the Company attributable to the profit for the year are set out on note 11.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	**30,659**	27,328
Right-of-use assets	15	**21,035**	21,415
Interests in associates	16	**1,870**	–
Goodwill	17	**30,705**	578
Intangible assets	18	**10,069**	–
Deferred tax assets	25	**7,113**	3,874
		101,451	53,195
Current assets			
Inventories	19	**12,260**	2,139
Trade and other receivables	20	**201,467**	135,087
Amount due from a related party	23(a)	**–**	31
Income tax recoverable		**178**	–
Restricted bank deposits	21	**35,887**	20,219
Cash and cash equivalents	21	**2,261,445**	886,159
		2,511,237	1,043,635
Current liabilities			
Trade and other payables	22	**732,752**	446,923
Contract liabilities	5(a)	**787,299**	178,186
Amounts due to related parties	23(b)	**1,775**	5,333
Income tax payables		**38,093**	32,644
Lease liabilities	24	**6,284**	4,914
		1,566,203	668,000
Net current assets		**945,034**	375,635
Total assets less current liabilities		**1,046,485**	428,830

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
Non-current liabilities			
Lease liabilities	24	**7,886**	9,242
Deferred tax liabilities	25	**7,341**	4,935
		15,227	14,177
Net assets		**1,031,258**	414,653
CAPITAL AND RESERVES			
Share capital	26	**11,286**	9,982
Reserves	27	**1,000,123**	393,821
Equity attributable to the equity holders of the Company		**1,011,409**	403,803
Non-controlling interests		**19,849**	10,850
Total equity		**1,031,258**	414,653

Qiao Haixia
Director

Huang Danghui
Director

The notes on pages 131 to 205 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Attributable to equity holders of the Company							
	Share capital RMB'000 (note 26)	**Other reserve*** RMB'000 (note 27(b))	**Statutory reserve*** RMB'000 (note 27(a))	**Exchange reserve*** RMB'000 (note 27(c))	**Retained profits*** RMB'000	**Sub-total** RMB'000	**Non-controlling interests** RMB'000	**Total equity** RMB'000
Balance at 1 January 2020	12	(26,898)	21,515	–	181,691	176,320	1,104	177,424
Total comprehensive income								
Profit for the year	–	–	–	–	106,118	106,118	720	106,838
Other comprehensive income								
— Exchange differences on translation of financial statements of foreign operations	–	–	–	207	–	207	–	207
Profit and total comprehensive income for the year	–	–	–	207	106,118	106,325	720	107,045
Transactions with owners								
— Dividends declared and paid	–	–	–	–	(1,485)	(1,485)	–	(1,485)
— Capital contribution from non-controlling interests	–	–	–	–	–	–	490	490
— Considerations received for the equity transfers of the Excluded Companies to the Remaining Group and regarded as deemed contribution arising from Reorganisation	–	289,756	–	–	–	289,756	–	289,756
— Considerations paid for the registered capital of the Excluded Companies and regarded as deemed distribution arising from Reorganisation	–	(227,200)	–	–	–	(227,200)	–	(227,200)
— Dividends received from the Excluded Companies and regarded as deemed contribution arising from Reorganisation	–	48,653	–	–	–	48,653	–	48,653
— Repurchase of shares (note 26)	(12)	–	–	–	–	(12)	–	(12)
— Allotment of shares (note 26)	9,982	–	–	–	–	9,982	–	9,982
— Change in ownership interests in subsidiary without change of control (note 29)	–	1,464	–	–	–	1,464	8,536	10,000
— Appropriation to statutory reserve	–	–	6,131	–	(6,131)	–	–	–
	9,970	112,673	6,131	–	(7,616)	121,158	9,026	130,184
Balance at 31 December 2020	9,982	85,775	27,646	207	280,193	403,803	10,850	414,653

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Attributable to equity holders of the Company										
	Share capital RMB'000 (note 26)	Shares held for restricted shares incentive scheme* RMB'000 (notes 27(d) and 34)	Share premium* RMB'000 (note 27(e))	Share-based payment reserve* RMB'000 (note 27(f))	Other reserve* RMB'000 (note 27(b))	Statutory reserve* RMB'000 (note 27(a))	Exchange reserve* RMB'000 (note 27(c))	Retained profits* RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2021	9,982	–	–	–	85,775	27,646	207	280,193	403,803	10,850	414,653
Total comprehensive income											
Profit for the year	–	–	–	–	–	–	–	159,374	159,374	1,528	160,902
Other comprehensive income											
— Exchange differences on translation of financial statements of foreign operations	–	–	–	–	–	–	323	–	323	–	323
Profit and total comprehensive income for the year	–	–	–	–	–	–	323	159,374	159,697	1,528	161,225
Transactions with owners											
— Proceeds from placing of new shares (note 26)	1,071	–	444,673	–	–	–	–	–	445,744	–	445,744
— Issuing expense of placing of new shares (note 26)	–	–	(442)	–	–	–	–	–	(442)	–	(442)
— Issuing of restricted shares under Restricted Share Incentive Scheme (note 26)	233	(56,086)	55,853	–	–	–	–	–	–	–	–
— Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	490	490
— Recognition of share-based payment, net of taxation	–	–	–	2,607	–	–	–	–	2,607	–	2,607
— Acquisition of a subsidiary (note 33(a))	–	–	–	–	–	–	–	–	–	6,981	6,981
— Appropriation to statutory reserve	–	–	–	–	–	34,589	–	(34,589)	–	–	–
	1,304	(56,086)	500,084	2,607	–	34,589	–	(34,589)	447,909	7,471	455,380
Balance at 31 December 2021	11,286	(56,086)	500,084	2,607	85,775	62,235	530	404,978	1,011,409	19,849	1,031,258

* The total of these amounts as at the reporting date represent "Reserves" in the consolidated statement of financial position.

The notes on pages 131 to 205 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
Cash flows from operating activities			
Profit before income tax		**205,052**	143,874
Adjustments for:			
Depreciation of property, plant and equipment	8	**7,290**	4,720
Depreciation of right-of-use assets	8	**5,852**	5,586
Amortisation of intangible assets	8	**1,417**	–
Gain on changes in fair value of financial assets measured at FVTPL		**–**	(14,660)
Gain on disposal of financial assets measured at FVTPL		**–**	(1,150)
Written off of property, plant and equipment	8	**258**	381
Provision for ECL allowance on trade and other receivables, net	8	**468**	259
Interest expense	7	**604**	51,522
Interest income	7	**(22,113)**	(67,205)
Gain on re-measurement of previously held interest in an associate		**–**	(2,993)
Share of results of associates		**(400)**	1,262
Share-based payment expenses	8	**2,607**	–
Operating cash flows before working capital changes		**201,035**	121,596
(Increase)/Decrease in inventories		**(10,121)**	1,276
Increase in trade and other receivables		**(62,414)**	(56,874)
Increase in trade and other payables		**216,604**	135,806
Increase in contract liabilities		**599,955**	58,833
(Increase)/Decrease in restricted bank deposits		**(15,668)**	5,861
Decrease in other financial assets		**–**	50,000
Cash generated from operations		**929,391**	316,498
Income tax paid		**(42,865)**	(29,812)
Net cash from operating activities		**886,526**	286,686

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
Cash flows from investing activities			
Purchase of property, plant and equipment	14	**(10,426)**	(7,867)
Purchase of intangible assets	18	**(121)**	–
Investments in associates		**(1,470)**	(7,350)
Decrease in amount due from a related party		**31**	1,344,198
Interest received		**22,113**	67,205
Net cash outflow on acquisition of a subsidiary	33(a)	**(13,625)**	(20,811)
Proceeds from the equity transfers of the Excluded Companies		**–**	289,756
Considerations paid for the registered capital of the Excluded Companies and regarded as deemed distribution arising from Reorganisation		**–**	(227,200)
Dividends received from the Excluded Companies and regarded as deemed contribution arising from Reorganisation		**–**	48,653
Proceed from disposal of ownership interests in subsidiary without change of control		**–**	10,000
Net cash (used in)/from investing activities		**(3,498)**	1,496,584
Cash flows from financing activities			
Capital contribution from non-controlling interests		**490**	490
Repurchase of shares		**–**	(12)
Issuance of shares		**–**	9,982
Proceeds from placing of shares	26	**445,744**	–
Proceeds from issuance of restricted shares under Restricted Share Incentive Scheme	26	**56,086**	–
Payment of issuance expense	26	**(442)**	–
Repayments to related parties	32	**(3,558)**	(62)
Advances from related parties		**–**	5,073
Dividends paid		**–**	(1,485)
Interest paid	32	**(604)**	(43,323)
Payments of lease liabilities	32	**(5,458)**	(4,895)
Repayments for receipts under securitisation arrangements		**–**	(920,000)
Net cash from/(used in) financing activities		**492,258**	(954,232)
Net increase in cash and cash equivalents		**1,375,286**	829,038
Cash and cash equivalents at beginning of year		**886,159**	57,121
Cash and cash equivalents at end of year, represented by bank balances and cash		**2,261,445**	886,159

The notes on pages 131 to 205 are an integral part of these consolidated financial statements.

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

1.1 General information

C&D Property Management Group Co., Ltd (the "Company") was incorporated as a company with limited liability in the British Virgin Islands ("BVI") on 4 May 2016. The address of the registered office of the Company is 2/F, Palm Grove House, P.O. Box 3340, Road Town, Tortola, BVI and its principal place of business in Hong Kong is located at Room 3517, 35/F, Wu Chung House, 213 Queen's Road East, Wan Chai, Hong Kong.

The Company is an investment holding company and has not carried out any business since its incorporation. The Company and its subsidiaries (collectively, the "Group") are principally engaged in the provision of property management services, community value-added and synergy services and the value-added services to non-property owners in the People's Republic of China ("China" or the "PRC").

On 31 December 2020 ("Listing Date"), the Company has its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing").

The Company's immediate holding company is Well Land International Limited ("Well Land"), a company incorporated in the BVI with limited liability; C&D Real Estate Corporation Limited* (建發房地產集團有限公司) ("C&D Real Estate") which was incorporated in the PRC with limited liability is the Company's intermediate holding company, whereas the Directors of the Company regard Xiamen C&D Corporation Limited* (廈門建發集團有限公司) ("Xiamen C&D"), a state-owned enterprise incorporated in the PRC with limited liability, as the Company's ultimate holding company and controlling party (the "Controlling Party").

* The English translation of the names of the companies established in the PRC are for reference only. The official names of these companies are in Chinese.

The consolidated financial statements for the year ended 31 December 2021 were approved for issue by the Board of Directors on 25 March 2022.

1.2 Basis of presentation

Pursuant to the reorganisation (the "Reorganisation") of the Group completed on 29 June 2020 in connection with the Listing as detailed in the listing document of the Company dated 28 December 2020 issued by the Company, the Company became the holding company of the companies now comprising the Group. The companies comprising the Group were under the common control of the Controlling Party prior to and after the Reorganisation. Accordingly, the Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity.

The consolidated financial statements of the Group have been prepared using the principles of merger accounting as if the Company had always been the holding company of the Group and the current group structure had been in existence throughout the year ended 31 December 2020, or since their respective dates of incorporation/establishment, where it is a shorter period.

The consolidated statement of financial position of the Group as at 31 December 2020 had been prepared to present the assets and liabilities of the combining companies using the existing book values from the Xiamen C&D's perspective. No amount was recognised in consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of combination under common control, to the extent of the continuation of the Controlling Party's interest.

For companies acquired from third parties during the years ended 31 December 2021 and 2020, they are included in the consolidated financial statements from the date of the acquisition and accounted for using acquisition method as set out in note 2.2.

Inter-company transactions, balances and unrealised gains/losses on transactions between group companies are eliminated on consolidation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the HKICPA and the accounting principles generally accepted in Hong Kong. The consolidated financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

The significant accounting policies were consistent with those applied to the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the changes in accounting policies in relation to the adoption of new and amended HKFRSs and the impacts on the Group's consolidated financial statements if any, are disclosed in note 3.

The consolidated financial statements have been prepared under the historical cost convention. The Company's functional currency is Hong Kong Dollars ("HK$"). However, the consolidated financial statements are presented in Renminbi ("RMB"), as the directors of the Company consider that RMB is the functional currency of the primary economic environment in which most of the transactions of the principal activities in the PRC are denominated and settled in and this presentation is more useful for its current and potential investors. The consolidated financial statements are presented in thousands of RMB ("RMB'000") unless otherwise stated.

It should be noted that accounting estimates and assumptions are used in preparation of consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group 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 over the entity, only substantive rights relating to the entity (held by the Group and others) are considered.

The Group includes the income and expenses of a subsidiary in the consolidated financial statements from the date it gains control until the date when the Group ceases to control the subsidiary.

Non-controlling interests in the results and equity of subsidiaries are presented separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Basis of consolidation *(Continued)*

(i) Business combinations under common control

The consolidated financial statements incorporates the financial statement items of the entities or businesses in which the common control combination occurs as if they had been combined from the date when the entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in consideration for goodwill or excess of acquirer's interest in the net fair value of acquirer's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealised gains on transactions between combining entities or businesses are eliminated.

(ii) Business combinations not under common control

The Group applies the acquisition method to account for business combinations not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interests in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition-date fair value, unless another measurement basis is required by HKFRSs. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interests recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference, after reassessment, is recognised directly in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Basis of consolidation *(Continued)*

(ii) Business combinations not under common control (Continued)

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

(iii) Change in ownership interests

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified or permitted by applicable HKFRSs.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iv) Separate financial statements

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.3 Associates

An associate is an entity over which the Group has significant influence, which is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

In the consolidated financial statements, investments in associates are initially recognised at cost and subsequently accounted for using the equity method. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group, plus any costs directly attributable to the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the Group's interest in associate is carried at cost and adjusted for the post-acquisition changes in the Group's share of the associate's net assets less any identified impairment loss, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The profit or loss for the year includes the Group's share of the post-acquisition, post-tax results of the associate and any impairment loss on the investment in associate recognised for the year.

Unrealised gains on transactions between the Group and its associate is eliminated to the extent of the Group's interest in associate.

Where the associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made, where necessary, to conform the associate's accounting policies to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest in the associate is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.3 Associates *(Continued)*

After the application of equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at the reporting date whether there is any objective evidence that the investment in the associate is impaired. If such indications are identified, the Group calculates the amount of impairment as being the difference between the recoverable amount (i.e. higher of value in use and fair value less costs of disposal) of the associate and its carrying value and recognises the amount adjacent to share of result from associate in profit or loss.

The Group discontinues the use of equity method from the date when it ceases to have significant influence over an associate. If the retained interest in that former associate is a financial asset, the retained interest is measured at fair value, which is regarded as its fair value on initial recognition as a financial asset in accordance with HKFRS 9 "Financial Instruments" ("HKFRS 9"). The difference between (i) the fair value of any retained interest and any proceeds from disposing of a part interest in the associate; and (ii) the carrying amount of the investment at the date the equity method was discontinued, is recognised in the profit or loss. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would have been required if the associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by the investee would be reclassified to profit or loss on the disposal of the related assets or liabilities, the entity reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

2.4 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the individual financial statements of each of the entities within the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

(b) *Transactions and balances*

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

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (i.e. only translated using the exchange rates at the transaction date).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Foreign currency translation *(Continued)*

(c) *Group companies*

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this average rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

- all resulting currency translation differences are recognised in other comprehensive income and accumulated separately in "Exchange reserve" in equity.

2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses (see note 2.20). Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation on items of property, plant and equipment is provided to write off the cost over their estimated useful lives, using the straight-line method, at the following rates per annum:

Leasehold improvement	12.50% to 33.33%
Furniture, fixtures and office equipment	20% to 50%
Motor vehicles	12.50% to 33.33%

The assets' depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the reporting date.

Gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.6 Goodwill

Goodwill arising on a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree, if any, over the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities measured exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is stated at cost less accumulated impairment losses (see note 2.20). Goodwill arising on a business combination is allocated to each cash-generating unit or groups of cash-generating units, which is expected to benefit from the synergies of the combination and is tested at least annually for impairment. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the interests in associates (see note 2.3). On disposal of a cash-generating unit or an associate, any attributable amount of goodwill is included in the calculation of the gain or loss on disposal.

2.7 Intangible assets (other than goodwill)

Acquired intangible assets are capitalised on the basis of the costs incurred to acquire and bring to use the specific intangible assets. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses (see note 2.20).

Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. Amortisation commences when the intangible assets are available for use. The following useful lives are applied:

Computer software	5 years
Customers relationships	2 to 5 years

The assets' amortisation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Intangible assets are tested for impairment as described below in note 2.20.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instruments.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15"), all financial assets are initially measured at fair value, in case of a financial asset not at fair value through profit or loss ("FVTPL"), plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the consolidated statement of profit or loss and other comprehensive income.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

— amortised cost; or

— FVTPL.

The classification is determined by both:

— the entity's business model for managing the financial asset; and

— the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within "Finance income, net", except for provision for expected credit losses ("ECL") allowance of trade and other receivables which is presented as a separate line item in the consolidated statement of profit or loss and other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Financial instruments *(Continued)*

Financial assets (Continued)

Subsequent measurement of financial assets

Debt investments

Financial assets at amortised cost

Non-equity investments held by the Group are classified into amortised cost, if the investment is held within a business model whose objective is to hold the investment and collect its contractual cash flows and the contractual terms of the investment give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from the investment is calculated using the effective interest method (note 2.18).

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in "Finance income, net" in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, restricted bank deposits, amount due from a related party and trade and other receivables (excluding prepayments, value-added tax receivables and other tax recoverable) and the Company's amount due from a subsidiary and deposits fall into this category of financial assets.

Financial liabilities

Classification and measurement of financial liabilities

The Group's financial liabilities include trade and other payables (excluding value-added tax payable, other tax payable and payable in relation to the restricted shares incentive scheme), amounts due to related parties and lease liabilities. They are separately shown on the face of the consolidated statement of financial position.

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

Subsequently, financial liabilities (other than lease liabilities) are measured at amortised cost using the effective interest method except for derivatives which are not designated and effective as hedging instruments and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges are recognised in accordance with the Group's accounting policy for borrowing costs (see note 2.22).

Accounting policies of lease liabilities is set out in note 2.14.

Other financial liabilities

Other financial liabilities including trade and other payables and amounts due to related parties, which are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.10 Impairment of financial assets

HKFRS 9's impairment requirements use forward-looking information to recognise ECL — the "ECL model". Instruments within the scope included loans and other debt-type financial assets measured at amortised cost and trade receivables.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

— financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1") and

— financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have objective evidence of impairment at the reporting date.

"12-month ECL" are recognised for the Stage 1 category while "lifetime ECL" are recognised for the Stage 2 category.

Measurement of the ECL is determined by a probability-weighted estimate of expected credit losses over the expected life of the financial asset.

Trade receivables

For trade receivables, the Group applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at the reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators of the trade receivables with similar credit risk characteristics, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the past due status.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.10 Impairment of financial assets *(Continued)*

Other financial assets measured at amortised cost

The Group measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the reporting date with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

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

— significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

— existing or forecast adverse changes in regulatory, business, financial, economic conditions, or technological environment that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and

— an actual or expected significant deterioration in the operating results of the debtor.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 365 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Detailed analysis of the ECL assessment of trade receivables and other financial assets measured at amortised cost are set out in note 35.2.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Inventories

(a) *Inventories*

Inventories, comprising finished goods and construction materials, are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

When inventories are sold, the carrying amount of those inventories is recognised as an expenses 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 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.

(b) *Other contract costs*

Other contract costs are the costs to fulfil a contract with a customer which are not capitalised as inventories (note 2.11(a)), property, plant and equipment (note 2.5) or intangible assets (note 2.7).

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalised as inventories, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised. The accounting policy for revenue recognition is set out in note 2.17.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.12 Cash and cash equivalents

Cash and cash equivalents include cash at banks and on hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in note 2.10.

2.13 Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 2.17). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2.8). For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

2.14 Leases

Definition of a lease and the Group as a lessee

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;

- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and

- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.14 Leases *(Continued)*

Definition of a lease and the Group as a lessee (Continued)

Measurement and recognition of leases as a lessee

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

At the lease commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payment of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of twelve months or less.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.15 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation 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.

All provisions are reviewed at the reporting date and adjusted to reflect the current best estimate.

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 uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2.16 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

2.17 Revenue recognition

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

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.17 Revenue recognition *(Continued)*

Property management services

For property management services, the Group bills a fixed amount for services provided on a monthly basis and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

For property management services income from properties managed on a lump-sum basis, where the Group acts as a principal and is primary responsible for providing the property management services to the property owners, the Group recognises the fee received or receivable from property owners as its revenue and all related property management costs as its cost of services. For property management services income from properties managed on a commission basis, the Group recognises the commission, which is calculated by certain percentage of the total property management fee received or receivable from the property owners, or total property management cost incurred or accrual by the property owners, as its revenue for arranging and monitoring the services as provided by other suppliers to the property owners.

Community value-added and synergy services

Community value-added and synergy services mainly include (i) home living services to property owners and residents, such as housekeeping and cleaning services, repair and maintenance services and group-purchasing services, which are charged for each service provided and recognised when the relevant services are rendered; (ii) home beauty services, providing turn-key move-in services with one-stop home beauty solutions for overall design, interior home furnishing and appliances installation, which is recognised over the time when such services are rendered; (iii) commission income from real estate brokerage and asset management services for secondary sales and rental of properties and/or car parking spaces, which is billed to property owners and third parties immediately upon the services are provided and is recognised on a net basis at point in time; (iv) revenue from valued-added services for public areas, such as leasing out public area and advertising spots and temporary parking management, which is recognised over the time when such services are rendered; (v) revenue from elderly-care and health value-added service through operation of an elderly-care centre, which is recognised over time with reference to the detailed terms of transactions as stipulated in the contracts entered into with its customers and counterparties; (vi) smart community services mainly include design, construction operation and maintenance of smart property management systems and sales of intelligent equipment and software as part of the design and construction services of smart property management system. Revenue from smart community services is recognised over time as the Group's performance creates or enhances an assets that the customer controls. The progress towards complete satisfaction of performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the services transferred to the customer to date relative to the remaining service promised under the contract, that best depict the Group's performance in transferring control of services. The value of the services transferred to customer to date is measured according to the progress certificate (by reference to the engineering works certified by the customers or their agents). Revenue from the sale of intelligent hardware devices and software for a fixed fee is recognised at point in time when (or as) the Group transfers control of the assets to the customer.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.17 Revenue recognition *(Continued)*

Value-added services to non-property owners

Value-added services to non-property owners mainly includes (i) reception, order maintenance and cleaning services, such as visitor reception, security and order maintenance, daily utilities and maintenance services and assistance on the pre-sales activities at the pre-sales centre, which are billed on a monthly basis and revenue is recognised over time as the customers simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; and (ii) consultancy services, which are billed based on the pre-determined price calculated under estimated cost plus method and revenue is recognised over time when the services are provided.

2.18 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset.

2.19 Government grants

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

Government grants are deferred and recognised in profit or loss over the period necessary to match them with the costs that the grants are intended to compensate.

Government grants relating to income is presented in gross under "Other income" in the consolidated statement of profit or loss and other comprehensive income.

2.20 Impairment of non-financial assets

Property, plant and equipment, right-of-use assets, goodwill, intangible assets and interest in a subsidiary in the statement of financial position of the Company are subject to impairment testing.

Goodwill is tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions 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 assessment of time value of money and the risk specific to the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.20 Impairment of non-financial assets *(Continued)*

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Corporate assets are allocated to individual cash-generating units, when a reasonable and consistent basis can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose and not be larger than an operating segment.

Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.21 Employee benefits

Retirement benefit

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contributions retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries, subject to a certain ceiling.

The municipal and provincial governments undertake to assure the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independent administrated funds managed by the PRC government.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.21 Employee benefits *(Continued)*

Housing funds, medical insurances and other social insurances

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

Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulative compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

2.22 Borrowing costs

Given the Group has no qualifying assets during the year, all borrowing costs are recognised in the consolidated statement of profit or loss and other comprehensive income in the period in which they are incurred.

2.23 Accounting for income tax

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at each reporting date between the carrying amounts of assets and liabilities in the consolidated financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.23 Accounting for income tax *(Continued)*

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at each reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if:

(a) the Group has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if:

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

    (i) the same taxable entity; or

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM") (i.e. executive directors), who is responsible for allocating resources and assessing performance of the operating segments.

2.25 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the period which the dividends are approved by the Company's shareholders or board of directors, where appropriate.

2.26 Share-based employee compensation

The Group operates Restricted Shares Incentive Scheme (the "Restricted Shares Incentive Scheme"), which is an equity-settled share-based compensation plan under which restricted shares are granted to employees of the Group (including the directors) as part of their remuneration package.

The amount to be expensed as share-based payment expense is determined by reference to the fair value of the restricted shares granted, taking into account all non-vesting conditions associated with the grants on grant date. The total expense is recognised on a straight-line basis over the relevant vesting periods, with a corresponding credit to a "Share-based payment reserve" under equity.

For those restricted shares which are amortised over the vesting periods, the Group revises its estimates of the number of restricted shares that are expected to ultimately vest based on the vesting conditions at the end of each reporting period. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to share-based payment expense in the current year, with a corresponding adjustment to the share-based payment reserve.

For grant of restricted shares, shares held by the Group's trustee are disclosed as "Shares held for restricted shares scheme" and deducted from equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.27 Related parties

For the purpose of the consolidated financial statements, a party in considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and if that person:

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

(ii) has significant influence over the Group; or

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

(b) the party is an entity and if any of the following conditions applies:

(i) the entity and the Group are members of the same group.

(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) the entity and the Group 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 parent of the Group.

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.

3. ADOPTION OF NEW AND AMENDED HKFRSs AND CHANGES IN ACCOUNTING POLICIES

Amended HKFRSs that are effective for annual periods beginning on 1 January 2021

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2021:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

The adoption of the amended HKFRSs had no material impact on how the results and financial position of the Group for the current and prior periods have been prepared and presented.

Issued but not yet effective HKFRSs

The Group has not early applied the following new and amended HKFRSs which have been issued but are not yet effective:

HKFRS 17	Insurance Contract and related amendments[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[5]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[1]
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018–2020[1]
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination[4]

1 Effective for annual periods beginning on or after 1 January 2022

2 Effective for annual periods beginning on or after 1 January 2023

3 Effective date to be determined

4 Effective for business combinations/common control combination for which the acquisition/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022

5 Effective for annual periods beginning on or after 1 April 2021

The directors anticipate that all of the new and amended HKFRSs will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the new and amended HKFRSs. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Other new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

3. ADOPTION OF NEW AND AMENDED HKFRSs AND CHANGES IN ACCOUNTING POLICIES *(Continued)*

Issued but not yet effective HKFRSs *(Continued)*

Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies"

The amendments to HKAS 1 require entities to disclose material accounting policy information instead of significant accounting policies in its financial statements. The amendments also provide some guidance on how material policy information are being identified and provide some examples of when accounting policy information is likely to be material.

In March 2021, HKICPA issued HKFRS Practice Statement 2 "Making Materiality Judgements" to provide entities with non-mandatory guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with HKFRS. HKFRS Practice Statement 2 was subsequently revised to provide guidance and examples on how to apply the concept of materiality to accounting policy disclosures.

The amendments to HKAS 1 are effective for annual reporting period beginning on or after 1 January 2023 and are applied prospectively. Earlier application is permitted. Except for the disclosures of accounting policies in note 2 to consolidated financial statements may need to be revised to cope with the above changes, the directors expect that the amendments have no other material impact on the consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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.

(a) Critical accounting judgements

Current and deferred income taxes

As detailed in note 10, the Group is subject to corporate income tax in the PRC. Judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different. As at 31 December 2021, the carrying amounts of deferred tax assets are RMB7,113,000 (2020: RMB3,874,000). Details of deferred tax assets are set out in note 25.

Deferred tax liabilities have not been recognised as at 31 December 2021 in respect of temporary differences relating to the post-2007 undistributed profits of the PRC subsidiaries of approximately RMB445,312,000 (2020: RMB268,325,000) as the Company 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.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(a) Critical accounting judgements *(Continued)*

Control over Zhangzhou Yijiayuan Chengtou Property Management Company Limited (formerly known as Zhangzhou Yijiayuan Yuegang Property Management Company Limited) 漳州怡家園城投物業服務有限公司 ("Zhangzhou Yijiayuan Chengtou")*

Although the Group only holds 50% equity interests in Zhangzhou Yijiayuan Chengtou, the Group has the power to appoint and remove the majority members of the board of directors of Zhangzhou Yijiayuan Chengtou and holds more than half of the voting rights by virtue of an agreement with other investors. The management of the Group considered that the Group has sufficiently dominant voting interest to direct the relevant activities of Zhangzhou Yijiayuan Chengtou and therefore has control over Zhangzhou Yijiayuan Chengtou. As a result, Zhangzhou Yijiayuan Chengtou is classified as a subsidiary of the Company.

* The English translation of the name of the company established in the PRC is for reference only. The official name of the company is in Chinese.

Estimation of fair value of customers relationships and recognition of goodwill arising from business combinations

Significant judgements and estimates were involved in the fair value assessment of customers relationships and recognition of goodwill arising from business combinations. These significant judgements and estimates include the adoption of appropriate valuation methodologies and the use of key assumptions in the valuation (mainly including the average annual and long-term growth rates of revenue, profit margin, discount rates and expected useful lives of the property management contracts and customers relationships). Changes in assumptions relating to these factors could result in material adjustments to the carrying amounts of customers relationships and goodwill. See notes 17 and 18 respectively for more details.

(b) Key sources of estimation uncertainties

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimation of impairment of trade and other receivables (excluding prepayments, value-added tax receivables and other tax recoverable), and amount due from a related party within the scope of ECL under HKFRS 9

The Group follows the guidance of HKFRS 9 to makes allowances on items subjects to ECL including trade and other receivables (excluding prepayments, value-added tax receivables and other tax recoverable), and amount due from a related party, based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at each reporting date as set out in note 2.10. Where the expectation is different from the original estimate, such difference will impact the carrying amounts of trade and other receivables, and amount due from a related party and provision for impairment in the periods in which such estimate has been changed.

As at 31 December 2021, the carrying amounts of trade and other receivables (excluding prepayments, value-added tax receivables and other tax recoverable) and amount due from a related party are RMB185,526,000 (2020: RMB124,746,000) and RMBNil (2020: RMB31,000), respectively. Details of the provision for ECL allowance of trade and other receivables and amount due from a related party are set out in notes 20 and 23 respectively.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(b) Key sources of estimation uncertainties *(Continued)*

Estimation of impairment of property, plant and equipment, right-of-use assets and intangible assets

Property, plant and equipment, right-of-use assets and intangible assets are stated at costs less accumulated depreciation or amortisation and impairment loss, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amounts of the cash-generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value of future cash flows projections, used in the impairment test. The carrying amounts of property, plant and equipment, right-of-use assets and intangible assets at the reporting date are set out in notes 14, 15 and 18 to the consolidated financial statements respectively.

Estimation of impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 2.20. The recoverable amounts of cash-generating unit have been determined based on value in use calculations. These calculations require the use of estimates and assumptions as stated in note 17. These estimates and assumptions relate to future events and circumstances and the actual results may vary and may cause a material adjustment to the carrying amount of goodwill within the next financial year. As at 31 December 2021, the net carrying amount of goodwill is RMB30,705,000 (2020: RMB578,000). No impairment was provided during the years ended 31 December 2021 and 2020 (note 17).

Depreciation charges of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value, if any. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expenses to be recorded during the year. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The carrying amounts of property, plant and equipment at each reporting date are set out in note 14 to the consolidated financial statements.

Determination of the lease term in lease contracts

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension options, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated), which in turn affect the carrying amounts of lease liabilities. During the years ended 31 December 2021 and 2020, all extension options in leases of office premises, car parks and staff quarters have not been included in the calculation of lease liabilities.

5. REVENUE AND SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Group.

During the years ended 31 December 2021 and 2020, the Group is principally engaged in the provision of property management services and value-added services in the PRC. Management reviews the operating results of the business as one operating segment to make about resources to be allocated. Therefore, the CODM of the Company regards that there is only one segment which is monitored to make strategic decision.

Revenue mainly comprises proceeds from property management services and value-added services. An analysis of the Group's revenue by category for the year ended 31 December 2021 is as follows:

	2021 **RMB'000**	2020 RMB'000
Revenue from customers and recognised over time		
Property management services	**758,618**	578,461
Value-added services		
— Community value-added and synergy services	**131,845**	68,763
— Value-added services to non-property owners	**544,047**	329,585
	1,434,510	976,809
Revenue from customers and recognised at point in time		
Community value-added and synergy services	**122,135**	51,765
	1,556,645	1,028,574

Information about major customers

For the year ended 31 December 2021, revenue from entities controlled by Xiamen C&D and its associates contributed to 39% (2020: 35%) of the Group's revenue. Other than entities controlled by Xiamen C&D and associates of Xiamen C&D, the Group had a large number of customers and none of whom contributed 10% or more of the Group's revenue.

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Geographical information

The principal operating entities of the Group are domiciled in the PRC. Accordingly, all of the Group's revenue were derived in the PRC during the years ended 31 December 2021 and 2020. As at 31 December 2021 and 2020, substantially all of the specified non-current assets (other than deferred tax assets) of the Group were located in the PRC.

(a) *Contract liabilities*

The Group recognises the following revenue-related contract liabilities:

	2021	2020
	RMB'000	RMB'000
Property management services	**184,140**	127,248
Community value-added and synergy services	**603,159**	50,938
	787,299	178,186

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services are yet to be provided. Such liabilities increased as a result of the growth of the Group's business scale in community value-added and synergy services.

(b) *Revenue recognised in relation to contract liabilities*

The following table shows the revenue recognised during the year ended 31 December 2021 related to carried-forward contract liabilities:

	2021	2020
	RMB'000	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the year		
Property management services	**127,248**	87,594
Community value-added and synergy services	**50,007**	27,060
	177,255	114,654

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Geographical information *(Continued)*

(c) *Unsatisfied performance obligations*

For property management services, the Group recognises revenue in the amount that equals to the right to invoice which correspond directly with the value to the customer of the Group's performance to date on a monthly basis. The Group has elected the practical expedient for not to disclose the remaining performance obligation for these types of contracts. For value-added services to non-property owners, the Group expects that the majority of the contract amounts allocated to unsatisfied performance obligations will be recognised as revenue from providing services during the next reporting period.

For community value-added and synergy services, the transaction price allocated to the remaining unsatisfied or partially satisfied performance obligations as at 31 December 2021 is as follows:

	2021	2020
	RMB'000	RMB'000
Within one year	**80,343**	14,026
More than one year	**588,263**	–
	668,606	14,026

6. OTHER INCOME

	2021	2020
	RMB'000	RMB'000
Government subsidy income (note)	**10,137**	6,930
Gain on re-measurement of previously held interest in an associate	**–**	2,993
Gain on changes in fair value of financial assets measured at FVTPL	**–**	14,660
Gain on disposal of financial assets measured at FVTPL	**–**	1,150
Sundry income	**784**	510
	10,921	26,243

Note:

The amounts represent the subsidies received from the local government bureau in the PRC regarding value-added tax refund, social welfare refund and subsidies for the operation of elderly-care centre. There were no unfulfilled conditions and other contingencies attached to the receipt of the subsidies.

7. FINANCE INCOME, NET

	2021 **RMB'000**	2020 RMB'000
Interest income on bank deposit	**22,113**	563
Interest income on amount due from a related party	**–**	66,642
Finance income	**22,113**	67,205
Interest charges on receipts under securitisation arrangements	**–**	(35,593)
Loss on early redemption on receipts under securitisation arrangements	**–**	(15,050)
Interest charges on lease liabilities	**(604)**	(879)
Finance costs	**(604)**	(51,522)
Finance income, net	**21,509**	15,683

8. PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging/(crediting):

	2021 **RMB'000**	2020 RMB'000
Auditor's remuneration		
— Audit services	**830**	757
— Non-audit services	**116**	84
Cost of inventories (note)	**40,433**	15,322
Depreciation of property, plant and equipment (note 14)	**7,290**	4,720
Depreciation of right-of-use assets (note 15)	**5,852**	5,586
Amortisation of intangible assets (note 18)	**1,417**	–
Written off of property, plant and equipment	**258**	381
Government subsidy income	**(10,137)**	(6,930)
Provision for ECL allowance on trade and other receivables, net	**468**	259
Lease charges on short-term leases	**15,598**	7,948
Loss on early redemption on receipts under securitisation arrangement	**–**	15,050
Equity-settled share-based payment	**2,607**	–

Note:

During the year ended 31 December 2021, the cost of inventories recognised as expenses and included in "Cost of sales" amounted to approximately RMB23,777,000 (2020: RMB12,517,000).

Other contract costs are recognised as expenses and included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income in the year in which revenue is recognised. The amount of capitalised costs recognised in profit or loss during the year ended 31 December 2021 was RMB16,656,000 (2020: RMB2,805,000). There was no impairment in relation to the costs capitalised during the years ended 31 December 2021 and 2020.

9. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2021 RMB'000	2020 RMB'000
Salaries, bonus and allowances	**778,663**	541,012
Equity-settled share-based payment	**2,607**	–
Retirement benefit scheme contributions (note)	**69,019**	23,343
	850,289	564,355

Note:

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

10. INCOME TAX EXPENSE

	Note	**2021 RMB'000**	2020 RMB'000
Current income tax			
PRC Enterprise Income Tax ("EIT")		**48,585**	31,735
Over-provision in respect of prior year		**(810)**	–
		47,775	31,735
Deferred tax	25	**(3,625)**	5,301
Total income tax expense		**44,150**	37,036

10. INCOME TAX EXPENSE *(Continued)*

The difference between the actual income tax charge in the consolidated statement of profit or loss and comprehensive income and the amount which would result from applying the enacted tax rate to profit before income tax can be reconciled as follows:

	2021 **RMB'000**	2020 RMB'000
Profit before income tax	**205,052**	143,874
Tax on profit before income tax calculated at the rates applicable to profit in the tax jurisdictions concerned	**44,526**	34,308
Tax effect on non-deductible expenses	**2,495**	4,361
Tax effect on non-taxable income	**(2,519)**	(4,701)
Tax effect on unrecognised tax losses	**634**	806
Utilisation of tax loss previously not recognised	**(195)**	(637)
Over-provision in respect of prior year	**(810)**	–
Recognition of withholding tax in current year (note 25)	**19**	2,899
Income tax expense	**44,150**	37,036

Notes:

(a) BVI Income tax

Pursuant to the relevant rules and regulations of the BVI, the Group is not subject to any income tax in the BVI during the years ended 31 December 2021 and 2020.

(b) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group did not derive any assessable profit arising in Hong Kong during the years ended 31 December 2021 and 2020.

(c) PRC EIT

Income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the years ended 31 December 2021 and 2020, based on the existing legislation, interpretations and practices in respect thereof. The statutory tax rate was 25% for the years ended 31 December 2021 and 2020.

Pursuant to the relevant laws and regulation in the PRC, certain of the Group's PRC entities which are qualified as small low-profit enterprises enjoyed a preferential tax rate of 20% for the years ended 31 December 2021 and 2020. In addition, in accordance with the "Notice on Preferential Income Tax Policies Applicable to Small Low-profit Enterprises", the small and low-profit enterprises with annual taxable income of less than RMB1,000,000 for the years ended 31 December 2021 and 2020, were also entitled a tax concession for 20% of its taxable income.

11. DIVIDEND

The Board recommends the payment of a final dividend of HK$0.06 per share totaling HK$80,176,000 (approximately equivalent to RMB65,552,000) for the year ended 31 December 2021 (2020: Nil). Final dividend proposed after the reporting date has not been recognised as a liability at the reporting date.

In January 2020, dividends of RMB1,020,000 and RMB465,000 have been proposed, approved and paid by the subsidiaries of the Company, Chengdu Yijiayuan Property Management Company Limited and Changsha Yisheng Property Management Company Limited respectively, to their then shareholder, Xiamen Pinchuan Property Consultant Co., Ltd..

12. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the years ended 31 December 2021 and 2020. The earnings per share is calculated using the weighted average number of ordinary shares of 1,184,437,681 (2020: 1,176,711,106) shares issued during the year as follows:

	2021	2020
Profit for the year attributable to equity holders of the Company (RMB'000)	**159,374**	106,118
Weighted average number of ordinary shares in issue (thousands)	**1,184,438**	1,176,711
Basic earnings per share (RMB)	**0.13**	0.09

(b) Diluted earnings per share

Diluted earnings per share is the same as basic earnings per share as the Group has no dilutive potential ordinary shares for the years ended 31 December 2021 and 2020.

13. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND INDIVIDUALS WITH HIGHEST EMOLUMENTS

(a) Directors' remuneration

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

Name of director	Notes	Fees RMB'000	Basic salaries and allowances RMB'000	Discretionary Bonuses (Note (vi)) RMB'000	Retirement benefit scheme contributions RMB'000	Equity-settled share-based payment RMB'000	Total RMB'000
Year ended 31 December 2021							
Executive directors:							
Ms. Qiao Haixia	(i), (ii), (iii)	**600**	**687**	**304**	**27**	**52**	**1,670**
Mr. Huang Danghui	(ii), (iii)	**600**	**657**	**111**	**27**	**52**	**1,447**
		1,200	**1,344**	**415**	**54**	**104**	**3,117**
Non-Executive directors:							
Mr. Zhuang Yuekai	(iv)	**–**	**–**	**–**	**–**	**–**	**–**
Mr. Lin Weiguo	(iv)	**–**	**–**	**–**	**–**	**–**	**–**
		–	**–**	**–**	**–**	**–**	**–**
Independent Non-Executive directors:							
Mr. Cheung Kwok Kwan	(v)	**83**	**–**	**–**	**–**	**–**	**83**
Mr. Lee Chuek Yin Dannis	(v)	**83**	**–**	**–**	**–**	**–**	**83**
Mr. Li Kwok Tai James	(v)	**83**	**–**	**–**	**–**	**–**	**83**
Mr. Wu Yat Wai	(v)	**83**	**–**	**–**	**–**	**–**	**83**
		332	**–**	**–**	**–**	**–**	**332**
Year ended 31 December 2020							
Executive directors:							
Ms. Qiao Haixia	(i), (ii), (iii)	–	638	570	4	–	1,212
Mr. Huang Danghui	(ii), (iii)	–	606	493	4	–	1,103
		–	1,244	1,063	8	–	2,315
Non-Executive directors:							
Mr. Zhuang Yuekai	(iv)	–	–	–	–	–	–
Mr. Lin Weiguo	(iv)	–	–	–	–	–	–
		–	–	–	–	–	–
Independent Non-Executive directors:							
Mr. Cheung Kwok Kwan	(v)	–	–	–	–	–	–
Mr. Lee Chuek Yin Dannis	(v)	–	–	–	–	–	–
Mr. Li Kwok Tai James	(v)	–	–	–	–	–	–
Mr. Wu Yat Wai	(v)	–	–	–	–	–	–
		–	–	–	–	–	–

13. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND INDIVIDUALS WITH HIGHEST EMOLUMENTS *(Continued)*

(a) Directors' remuneration *(Continued)*

Notes:

(i) Ms. Qiao Haixia is also the chief executive officer of the Group.

(ii) The emoluments of the executive directors of the Group, Ms. Qiao Haixia and Mr. Huang Danghui in relation to their services rendered for the Group for the years ended 31 December 2021 and 2020 were borne by C&D Real Estate and their emoluments were partly allocated to the Group.

(iii) Appointed as the Group's director on 22 September 2020 and re-designated as the Group's executive director on 28 September 2020.

(iv) Appointed as the Group's director on 22 September 2020 and re-designated as the Group's non-executive director on 28 September 2020.

(v) Appointed as the Group's independent non-executive director on 23 December 2020.

(vi) The discretionary bonus is determined by reference to the individual performance of the Directors and performance of the Group as a whole.

The emoluments shown above represent emoluments received by these directors in the capacity as directors/employees of the companies comprising the Group during the years ended 31 December 2021 and 2020.

There were no arrangements under which a director of the Company waived or agreed to waive any remuneration during the years ended 31 December 2021 and 2020.

13. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND INDIVIDUALS WITH HIGHEST EMOLUMENTS *(Continued)*

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include 2 (2020: 2) directors, whose emoluments are reflected in the analysis presented in note 13(a). The emoluments paid to the remaining 3 (2020: 3) individuals during the year are as follows:

	2021 **RMB'000**	2020 RMB'000
Basic salaries and allowances	**1,614**	1,347
Discretionary bonuses	**1,970**	1,226
Retirement benefit scheme contributions	**63**	9
Equity-settled share-based payment	**115**	–
	3,762	2,582

The emoluments fell within the following bands:

	2021 **Number of individuals**	2020 Number of individuals
Emolument bands		
Nil–HK$1,000,000	**–**	3
HK$1,000,001–HK$1,500,000	**2**	–
HK$1,500,001–HK$2,000,000	**1**	–
	3	3

During the years ended 31 December 2021 and 2020, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

(c) Senior management personnel

The emoluments paid or payable to member of senior management was within following band:

	2021 **Number of individuals**	2020 Number of individuals
Emolument bands		
Nil–HK$1,000,000	**–**	1
HK$1,000,001–HK$1,500,000	**1**	–
	1	1

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
At 1 January 2020				
Cost	1,309	17,960	744	20,013
Accumulated depreciation	(884)	(9,663)	(403)	(10,950)
Net book amount	425	8,297	341	9,063
Year ended 31 December 2020				
Opening net book amount	425	8,297	341	9,063
Additions	3,263	4,438	166	7,867
Acquisition through business combination	14,079	1,420	–	15,499
Written off	–	(303)	(78)	(381)
Depreciation	(1,584)	(3,016)	(120)	(4,720)
Closing net book amount	16,183	10,836	309	27,328
At 31 December 2020 and 1 January 2021				
Cost	**18,651**	**21,316**	**557**	**40,524**
Accumulated depreciation	**(2,468)**	**(10,480)**	**(248)**	**(13,196)**
Net book amount	**16,183**	**10,836**	**309**	**27,328**
Year ended 31 December 2021				
Opening net book amount	**16,183**	**10,836**	**309**	**27,328**
Additions	**1,598**	**8,580**	**248**	**10,426**
Acquisition through business combination (note 33(a))	**–**	**415**	**38**	**453**
Written off	**–**	**(227)**	**(31)**	**(258)**
Depreciation	**(3,207)**	**(3,980)**	**(103)**	**(7,290)**
Closing net book amount	**14,574**	**15,624**	**461**	**30,659**
At 31 December 2021				
Cost	**20,249**	**28,870**	**823**	**49,942**
Accumulated depreciation	**(5,675)**	**(13,246)**	**(362)**	**(19,283)**
Net book amount	**14,574**	**15,624**	**461**	**30,659**

14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Depreciation expenses were charged to the following categories in the consolidated statement of profit or loss and other comprehensive income:

	2021 **RMB'000**	2020 RMB'000
Administrative and other operating expenses	**7,290**	4,720

15. RIGHT-OF-USE ASSETS

The carrying amount of the Group's right-of-use assets and the movement during the year ended 31 December 2021 are as follows:

	Building RMB'000	**Car parking space** RMB'000	**Staff quarter** RMB'000	**Total** RMB'000
At January 2020	–	6,084	1,700	7,784
Additions	–	–	6,595	6,595
Acquisition through business combination	12,622	–	–	12,622
Depreciation	(357)	(2,028)	(3,201)	(5,586)
At 31 December 2020 and 1 January 2021	**12,265**	**4,056**	**5,094**	**21,415**
Additions	**4,259**	**–**	**1,213**	**5,472**
Depreciation	**(551)**	**(1,958)**	**(3,343)**	**(5,852)**
At 31 December 2021	**15,973**	**2,098**	**2,964**	**21,035**

The right-of-use assets represented leases offices, car parking space, building and staff quarter in the PRC. The leases of offices, car parking space, building and staff quarter in the PRC typically run for an initial period of 2 to 20 years. The Group has entered into an agreement with the local government department to operate an elderly-care centre for 20 years, in which the lessor provided a rent-free period during the first 15 years and the rentals would increase progressively by a fixed annual percentage of 3% starting from the 17th year until the end of the rental period. None of the leases includes variable lease payments. Certain leases include an option to renew the lease for an additional period after the end of the contract term. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options and concluded that it is not reasonably certain to exercise the extension options. Accordingly, the future lease payments during the extension periods are not included in the measurement of the right-of-use assets.

15. RIGHT-OF-USE ASSETS *(Continued)*

Depreciation expenses were charged to the following categories in the consolidated statement of profit or loss and other comprehensive income:

	2021 **RMB'000**	2020 RMB'000
Cost of sales	**2,666**	2,481
Administrative and other operating expenses	**3,186**	3,105
	5,852	5,586

16. INTERESTS IN ASSOCIATES

	2021 **RMB'000**	2020 RMB'000
Unlisted shares, at cost	**2,450**	980
Share of post-acquisition results	**(580)**	(980)
	1,870	–

The details of the associates of the Group as at 31 December 2021 and 2020 are set out below:

Name of company	Form of business structure	Country/place and date of incorporation/ establishment and operation	Particulars of registered capital	Proportion of effective interest held	Principal activities
Zhangjiagang City Hexi Property Services Co, Ltd.* ("Zhangjiagang Hexi") 張家港市和璽物業服務有限公司 (Note (a))	Incorporated	PRC	RMB1,000,000	49% (2020: 49%)	Property management services
Nanping Huihe Property Management Company Limited* ("Nanping Huihe") 南平市匯禾物業管理有限公司	Incorporated	PRC	RMB5,000,000	49% (2020: 49%)	Property management services
Fuzhou Xintou Yijiayuan Property Management Co., Ltd.* ("Fuzhou Xintou") 福州新投怡家園物業管理有限公司 (Note (b))	Incorporated	PRC	RMB6,000,000	49% (2020: Nil)	Property management services

16. INTERESTS IN ASSOCIATES *(Continued)*

Note:

(a) During the year ended 31 December 2020, the Group and an independent third party, entered into a cooperation agreement (the "Cooperation Agreement") for the formation of Zhangjiagang Hexi for carrying out property management services. The Group has subscribed 49% of the registered share capital of Zhangjiagang Hexi at a cash consideration of RMB490,000 which are paid during the year ended 31 December 2021. Pursuant to the Cooperation Agreement, the board of directors of Zhangjiagang Hexi consists of five directors, of whom two are nominated by the Group, three are nominated by the remaining investor. As specified in the Cooperation Agreement, certain key corporate matters of Zhangjiagang Hexi require a majority vote of directors (present in person in the board meeting). Accordingly, the Group has significant influence over Zhangjiagang Hexi and it is classified as an associate and have been accounted for in the consolidated financial statements using equity method.

(b) During the year ended 31 December 2021, the Group and an independent third party, entered into a cooperation agreement for the formation of Fuzhou Xintou for carrying out property management services. The Group has injected capital to Fuzhou Xintou amounting to RMB980,000 and subscribed for RMB2,940,000 registered capital of Fuzhou Xintou, representing 49% of its total registered capital. Pursuant to the cooperation agreement, the board of directors of Fuzhou Xintou consists of five directors, of whom two are nominated by the Group, three are nominated by the remaining investor. As specified in the cooperation agreement, certain key corporate matters of Fuzhou Xintou require a majority vote of directors (present in person in the board meeting). Accordingly, the Group has significant influence over Fuzhou Xintou and it is classified as an associate and have been accounted for in the consolidation financial statements using equity method.

* The English translation of the name of the companies established in the PRC is for reference only. The official names of the companies are in Chinese.

Aggregate information of associates that are not individually material:

	2021 **RMB'000**	2020 RMB'000
Carrying amount of individually immaterial associates in the consolidated statement of financial position	**1,870**	–
Amount of the Group's share of these associates:		
Profit/(Loss) and total comprehensive income/(expense) for the year	**400**	(1,262)

The Group has not incurred any contingent liabilities or other commitments relating to its investments in associates.

The accumulated losses not recognised was RMB2,116,000 (2020: RMB2,316,000) as at 31 December 2021.

17. GOODWILL

	RMB'000
Cost	
At 1 January 2020	–
Arising on acquisition through business combination (note b)	578
At 31 December 2020	578
Arising on acquisition through business combination (note a)	30,127
At 31 December 2021	**30,705**
Carrying amounts	
At 31 December 2021	**30,705**
At 31 December 2020	578

Notes:

(a) During the year ended 31 December 2021, the Group completed the acquisition of a subsidiary (see note 33(a)). Total identifiable net assets of the company as at its respective acquisition date amounted to approximately RMB14,247,000. The excess of the consideration transferred and the amount of the non-controlling interest in the acquires over the fair value of the identifiable net assets acquired is recorded as goodwill.

(b) During the year ended 31 December 2020, the Group acquired the equity interests in Xiamen Bairui Health Industry Company Limited* (廈門市佰睿健康產業有限公司) ("Xiamen Bairui") (see note 33(b)). Accordingly, goodwill is allocated to the cash-generating unit ("CGU") of Xiamen Bairui, net of any impairment loss.

Goodwill of RMB30,705,000 has been allocated to the two CGUs of the respective subsidiaries acquired for impairment testing. Management performed an impairment assessment on the goodwill at the reporting date. The recoverable amounts of these subsidiaries are determined based on value in use calculation based on five-year financial budgets. The following table sets forth each key assumption of the two CGUs on which management has based their cash flow projections to undertake impairment testing of goodwill:

	2021	2020
Revenue growth rate during the forecast period	**6%–14%**	10%
Pre-tax discount rate	**12.5%**	13%

Based on management's assessment on the recoverable amounts of the subsidiaries, no impairment provision was considered necessary as at 31 December 2021 and 2020.

* The English translation of the name of the company established in the PRC is for reference only. The official name of the company is in Chinese.

18. INTANGIBLE ASSETS

	Computer software RMB'000	Customers relationships RMB'000	Total RMB'000
At 1 January 2021			
Cost	–	–	–
Accumulated amortisation	–	–	–
Net book amount	–	–	–
Year ended 31 December 2021			
Opening net book amount	**–**	**–**	**–**
Additions	**121**	**–**	**121**
Arising on acquisition through business combination (note 33(a))	**–**	**11,365**	**11,365**
Amortisation	**(12)**	**(1,405)**	**(1,417)**
Closing net book amount	**109**	**9,960**	**10,069**
At 31 December 2021			
Cost	**121**	**11,365**	**11,486**
Accumulated amortisation	**(12)**	**(1,405)**	**(1,417)**
Net book amount	**109**	**9,960**	**10,069**

Amortisation was charged to the following categories in the consolidated statement of profit or loss and other comprehensive income:

	2021 RMB'000	2020 RMB'000
Cost of sales	**1,405**	–
Administrative expenses	**12**	–
	1,417	–

19. INVENTORIES

	2021 RMB'000	2020 RMB'000
Finished goods	**6,678**	102
Other contract costs	**5,582**	2,037
	12,260	2,139

Finished goods mainly represent intelligent hardware devices, software products and construction materials.

Other contract costs relate to fulfillment costs that generates or enhances resources of the Group that will be used in satisfying performance obligations and expected to be recovered.

20. TRADE AND OTHER RECEIVABLES

	Notes	2021 RMB'000	2020 RMB'000
Trade receivables			
— Third parties		**86,443**	69,229
— Related parties		**53,631**	28,242
		140,074	97,471
Less: Provision for ECL allowance of trade receivables		**(6,922)**	(7,266)
	(a)	**133,152**	90,205
Other receivables			
Deposits		**13,369**	5,568
Prepayments		**11,804**	6,940
Other receivables		**7,310**	6,394
Payments on behalf of property owners		**34,191**	24,263
Value-added tax receivables		**3,994**	3,401
Other tax recoverable		**143**	–
		70,811	46,566
Less: Provision for ECL allowance of other receivables		**(2,496)**	(1,684)
	(b)	**68,315**	44,882
		201,467	135,087

20. TRADE AND OTHER RECEIVABLES *(Continued)*

(a) Trade receivables

Trade receivables mainly arise from property management services managed under lump-sum basis and value-added services.

Property management services income under lump-sum basis are received in accordance with the term of the relevant property service agreements. Service income from property management services is due for payment by property owners upon rendering of services.

Income from value-added services other than smart community services are received in accordance with the terms of the relevant services agreements, and due for payment upon the issuance of invoice. Smart community services income are received in accordance with the terms of the relevant service agreements, and the Group normally allows credit period ranged from 5 days to 60 days to its customers.

The Group did not hold any collateral as security or other credit enhancements over the impaired trade receivables, whether determined on an individual or collective basis.

The ageing analysis of trade receivables, net of ECL allowance, based on invoice date, is as follows:

	2021 **RMB'000**	2020 RMB'000
0–180 days	**97,933**	51,459
181–365 days	**21,056**	27,769
1–2 years	**11,723**	8,136
2–3 years	**1,780**	2,093
3–4 years	**533**	580
4–5 years	**127**	168
	133,152	90,205

(b) Other receivables

The balances mainly represent the deposits, prepayments, payments on behalf of property owners in respect of utilities and maintenance costs of the properties.

Further details of the Group's credit policy and credit risk arising from trade and other receivables are set out in note 35.2.

21. CASH AND CASH EQUIVALENTS

	2021 RMB'000	2020 RMB'000
Cash at banks and on hand	**2,297,332**	906,378
Less: Restricted bank deposits (note)	**(35,887)**	(20,219)
	2,261,445	886,159

Note: As at 31 December 2021, restricted bank deposits mainly represent the deposits in banks as the maintenance fund held on behalf of the residents according to the requirements of local government authorities and designated bank account for the operation of elderly-care centre.

As at 31 December 2021, included in cash and cash equivalents of the Group of RMB1,747,053,000 (2020: RMB877,515,000) is denominated in RMB and placed with banks in the PRC.

RMB is not a freely convertible currency in the international market and its exchange rate is determined by the People's Bank of China. The conversion of RMB into foreign currencies and remittance of RMB out of the PRC is subject to the rules and regulations of the foreign exchange control promulgated by the PRC government.

22. TRADE AND OTHER PAYABLES

	Notes	2021 RMB'000	2020 RMB'000
Trade payables			
— Third parties	(a)	**90,970**	27,783
— Related parties		**340**	–
		91,310	27,783
Other payables			
Accrued charges and other payables		**86,686**	85,005
Amounts collected on behalf of property owners		**112,971**	92,011
Deposit received		**124,785**	96,506
Value-added tax payable		**75,784**	17,120
Other tax payable		**3,464**	–
Staff costs and welfare accruals		**181,666**	128,498
Payable in relation to the restricted shares incentive scheme (note 34)		**56,086**	–
	(b)	**641,442**	419,140
		732,752	446,923

(a) The credit terms of trade payables vary according to the terms agreed with different suppliers. The ageing analysis of the trade payables based on invoice date, is follows:

	2021 RMB'000	2020 RMB'000
0 to 30 days	**43,996**	18,729
31 to 60 days	**8,839**	3,720
61 to 90 days	**1,951**	2,388
Over 90 days	**36,524**	2,946
	91,310	27,783

(b) Other payables

The balances mainly include accrued expenses, deposit received and temporarily received from property owners to be paid to related service providers.

23. AMOUNTS DUE FROM/(TO) RELATED PARTIES

(a) Amount due from a related party

	2021 RMB'000	2020 RMB'000
Companies controlled by Xiamen C&D	–	31

(b) Amounts due to related parties

	2021 RMB'000	2020 RMB'000
Ultimate holding company	3	2,526
Companies controlled by Xiamen C&D	1,769	508
Associates of Xiamen C&D	3	2,299
	1,775	5,333

As at 31 December 2021 and 2020, the amounts due from/(to) related parties are non-trade nature, unsecured, interest-free and repayable on demand.

The amount due from a subsidiary in the statement of financial position of the Company is unsecured, interest-free and repayable on demand.

24. LEASE LIABILITIES

The following tables show the remaining contractual maturities of the Group's lease liabilities:

	2021 RMB'000	2020 RMB'000
Total minimum lease payments:		
Within one year	**6,381**	5,651
After 1 year but within 2 years	**1,533**	4,416
After 2 years but within 5 years	**836**	531
After 5 years	**10,618**	10,087
	19,368	20,685
Future finance charge on lease liabilities	**(5,198)**	(6,529)
Present value of lease liabilities	**14,170**	14,156

	2021 RMB'000	2020 RMB'000
Present value of minimum lease payments:		
Within one year	**6,284**	4,914
After 1 year but within 2 years	**1,499**	3,945
After 2 years but within 5 years	**817**	253
After 5 years	**5,570**	5,044
	14,170	14,156
Less: Portion due within one year included under current liabilities	**(6,284)**	(4,914)
Portion due after one year included under non-current liabilities	**7,886**	9,242

During the year ended 31 December 2021, the total cash outflows for the leases is RMB21,660,000 (2020: RMB13,609,000).

25. DEFERRED TAXATION

The amounts recognised in the consolidated statement of financial position are as follows:

	2021 RMB'000	2020 RMB'000
Deferred tax assets recognised in the consolidated statement of financial position	**7,113**	3,874
Deferred tax liabilities recognised in the consolidated statement of financial position	**(7,341)**	(4,935)
Net deferred tax liabilities	**(228)**	(1,061)

The movement of net deferred tax liabilities is as follows:

	2021 RMB'000	2020 RMB'000
At the beginning of the year	**(1,061)**	4,549
Credited/(Charged) to profit or loss (note 10)	**3,625**	(5,301)
Acquisition through business combination (note 33(a))	**(2,792)**	(309)
At the end of the year	**(228)**	(1,061)

The movements in deferred tax assets and liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred tax assets

	Tax losses RMB'000	Impairment loss on trade and other receivables RMB'000	Others RMB'000	Total RMB'000
At 1 January 2020	3,719	2,173	–	5,892
(Charged)/Credited to profit or loss	(3,810)	65	–	(3,745)
Acquisition through business combination	1,727	–	–	1,727
At 31 December 2020 and 1 January 2021	**1,636**	**2,238**	**–**	**3,874**
Credited to profit or loss	**2,501**	**43**	**620**	**3,164**
Acquisition through business combination (note 33(a))	**–**	**75**	**–**	**75**
At 31 December 2021	**4,137**	**2,356**	**620**	**7,113**

25. DEFERRED TAXATION *(Continued)*

Deferred tax liabilities

	Fair value adjustments arising on business combination RMB'000	Change in fair value of financial assets measured at FVTPL RMB'000	Withholding tax RMB'000	Total RMB'000
At 1 January 2020	–	(1,343)	–	(1,343)
Credited/(Charged) to profit or loss	–	1,343	(2,899)	(1,556)
Acquisition through business combination	(2,036)	–	–	(2,036)
At 31 December 2020 and 1 January 2021	**(2,036)**	**–**	**(2,899)**	**(4,935)**
Credited/(Charged) to profit or loss	**480**	**–**	**(19)**	**461**
Acquisition through business combination (note 33(a))	**(2,867)**	**–**	**–**	**(2,867)**
At 31 December 2021	**(4,423)**	**–**	**(2,918)**	**(7,341)**

Pursuant to the EIT Law of the PRC, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by the subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

As at 31 December 2021, deferred tax liabilities have not been recognised in respect of temporary differences relating to the post-2007 profits earned by the PRC subsidiaries amounting to approximately RMB445,312,000 (2020: RMB268,325,000) because the Group controls the dividend policy of these subsidiaries and it is not probable that the temporary differences will reverse in the foreseeable future.

As at 31 December 2021, the Group has not recognised deferred tax assets in respect of tax losses of approximately RMB1,979,000 (2020: RMB1,540,000). Of the total unrecognised tax losses, approximately RMB7,916,000 (2020: RMB6,160,000) may be carried forward for 5 years from the year of incurring the loss. No deferred tax asset has been recognised in respect of those tax losses due to the unpredictability of future profit streams.

26. SHARE CAPITAL

	Notes	Number of shares	Nominal value of shares HK$0.01	US$1
Authorised				
At 1 January 2020	(a)	50,000	–	50,000
Increase in authorised share capital	(b)	3,000,000,000	30,000,000	–
Change of ordinary shares	(c)	(50,000)	–	(50,000)
At 31 December 2020, 1 January 2021 and 31 December 2021		3,000,000,000	30,000,000	–

	Notes	Number of shares	Nominal value of shares HK$0.01	US$1	Equivalent nominal value of shares RMB'000
Issued and fully paid					
At 1 January 2020	(a)	2,000	–	2,000	12
Allotment of shares on 25 September 2020	(b)	1,560,000	15,600	–	13
Repurchase and cancellation of ordinary shares	(b)	(2,000)	–	(2,000)	(12)
Allotment of shares on 23 November 2020	(c)	1,175,151,106	11,751,511	–	9,969
At 31 December 2020 and 1 January 2021		1,176,711,106	11,767,111	–	9,982
Issuance of shares on placement	(d)	131,300,000	1,313,000	–	1,071
Issuance of shares for restricted share incentive scheme (note 34)	(e)	28,250,000	282,500	–	233
At 31 December 2021		1,336,261,106	13,362,611	–	11,286

26. SHARE CAPITAL *(Continued)*

Note:

(a) The Company was incorporated in the BVI on 4 May 2016 with an authorised share capital of US$50,000 divided into 50,000 ordinary shares of par value of US$1 each. On incorporation, 2,000 ordinary shares were issued at par to the sole shareholder of the Company.

(b) Pursuant to the written resolutions of the sole shareholder of the Company dated 25 September 2020, (i) the maximum number of shares that the Company was authorised to issue was changed to 3,000,050,000 shares comprising 50,000 shares with par value of US$1 each and 3,000,000,000 shares with par value of HK$0.01 each; (ii) 1,560,000 shares were allotted and issued to the sole shareholder at par value of HK$0.01 each for cash; and (iii) the 2,000 ordinary shares of US$1.00 par value each in the Company originally held by the sole shareholder were repurchased by the Company and cancelled.

(c) Pursuant to the written resolutions of the sole shareholder of the Company dated 23 November 2020, (i) the maximum number of shares that the Company was authorised to issue were changed to 3,000,000,000 shares with par value of HK$0.01 each of a single class; and (ii) the Company further allotted and issued 1,175,151,106 shares to the sole shareholder at par value of HK$0.01 each.

(d) On 10 December 2021, the Company entered into a placing agreement with China International Capital Corporation Hong Kong Securities Limited as placing agent, which is independent and not connected to the Company. Pursuant to the placing agreement, the placing agent agreed to place up to 131,300,000 placing shares to independent third parties of the Company at HK$4.16 per placing share. The net proceeds from the placing shares was approximately HK$545,666,000 (equivalent to approximately RMB445,302,000) after excluding the issuance expense of placing shares amounted to HK$542,000 (equivalent to RMB442,000). The difference between the par value and placing price amounted to HK$544,353,000 (equivalent to RMB444,231,000) was recognised as share premium. The placing was completed on 23 December 2021.

(e) On 4 November 2021, the Company issued 28,250,000 restricted shares at a price of HK$2.41 per share and recorded an amount of HK$68,083,000 (equivalent to RMB56,086,000) received from participants, which was included in other payables in relation to restricted share incentive scheme.

27. RESERVES

(a) Statutory reserve

In accordance with the relevant laws and regulations for the companies incorporated in the PRC now comprising the Group, it is required to appropriate 10% of its annual statutory net profit determined in accordance with China Accounting Standards for Enterprises issued by the Ministry of Finance of PRC, after offsetting any prior years' losses, to the statutory reserve. When the balance of such a reserve reaches 50% of the registered capital of the respective company, any further appropriation is at the discretion of shareholders. The statutory reserve can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing shareholding or by increasing the par value of the shares currently held by them, provided that the remaining balance of the reserve after such an issue is not less than 25% of registered capital. The statutory reserve is non-distributable.

(b) Other reserve

Other reserve mainly included the dividends received from the companies indirectly owned by C&D International Investment Group Limited prior the Reorganisation described in the Listing Document (the "Excluded Companies"), the excess of proceeds from the equity transfers of the Excluded Companies over the share capital of Excluded Companies and the excess of investments cost over the share capital of the common control entities. It also resulted from the disposal of ownership interest in a subsidiary without change of control which represents the difference between the fair value of the considerations received and the carrying amount of the net assets attributable to the disposal ownership interest in a subsidiary to non-controlling interests.

(c) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statement of foreign operations whose functional currencies are different from that of the Group's presentation currency. Movements in this account are set out in the consolidated statement of changes in equity.

(d) Shares held for restricted shares incentive scheme

Shares held for restricted shares incentive scheme are determined using the grant price of restricted shares that have been issued, which are held by the Group's trustee.

(e) Share premium

The share premium account of the Group represents the premium arising from the issuance of shares of the Company at premium.

(f) Share-based payment reserve

The share-based payment reserve represents the difference between the price at the grant date and fair value of the restricted shares granted to employees and is dealt with in accordance with the accounting policy set out in note 2.26.

28. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	**2021 RMB'000**	2020 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Interest in a subsidiary		**2,448**	–
Current assets			
Deposit and prepayment		**169**	–
Amount due from a subsidiary		**973**	1,010
Cash and cash equivalents		**507,036**	8,819
		508,178	9,829
Current liabilities			
Accrued charges and other payables		**(57,112)**	(621)
		(57,112)	(621)
Net current assets		**451,066**	9,208
Net assets		**453,514**	9,208
Equity			
Share capital	26	**11,286**	9,982
Reserves (note)		**442,228**	(774)
Total equity		**453,514**	9,208

Approved and authorised for issue by the board of directors on 25 March 2022.

Qiao Haixia
Director

Huang Danghui
Director

28. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note: Movements of the Company's reserves

	Shares held for restricted shares incentive scheme RMB'000	Share premium RMB'000	Share-based payment reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2020	–	–	–	–	(7)	(7)
Loss and total comprehensive expense for the year	–	–	–	–	(729)	(729)
Currency translation difference	–	–	–	(38)	–	(38)
At 31 December 2020 and 1 January 2021	**–**	**–**	**–**	**(38)**	**(736)**	**(774)**
Loss and total comprehensive expense for the year	**–**	**–**	**–**	**–**	**(4,068)**	**(4,068)**
Currency translation differences	**–**	**–**	**–**	**592**	**–**	**592**
Proceeds from placing of new shares	**–**	**444,673**	**–**	**–**	**–**	**444,673**
Issuing expense of placing of new shares	**–**	**(442)**	**–**	**–**	**–**	**(442)**
Issuing of restricted shares under Restricted Share Incentive Scheme (note 34)	**(56,086)**	**55,853**	**2,480**	**–**	**–**	**2,247**
At 31 December 2021	**(56,086)**	**500,084**	**2,480**	**554**	**(4,804)**	**442,228**

29. PARTICULARS OF SUBSIDIARIES

Details of the principal subsidiaries, each of which is a limited liability company, at 31 December 2021 and 2020 are as follows:

Name of company	Country/place and date of incorporation/ establishment and operation	Type of legal entity	Particulars of issued and paid in share capital/registered capital	Effective interest held by the Group	Principal activities
Directly held by the Company					
Li Chi (Hong Kong) Limited 利馳(香港)有限公司	Hong Kong/ 6 June 2016	Limited liability company	HK$10,000	100% (2020: 100%)	Investment holding
Indirectly held by the Company					
Xiamen Lirong Investment Management Limited* 廈門利融投資管理有限公司	The PRC/ 4 July 2016	Limited liability company	RMB30,000,000	100% (2020: 100%)	Enterprises management consultancy services

29. PARTICULARS OF SUBSIDIARIES *(Continued)*

Name of company	Country/place and date of incorporation/ establishment and operation	Type of legal entity	Particulars of issued and paid in share capital/registered capital	Effective interest held by the Group	Principal activities
Indirectly held by the Company					
Xiamen Yirui Investment Management Limited* 廈門益睿投資管理有限公司	The PRC/ 19 July 2016	Limited liability company	RMB100,000,000	100% (2020: 100%)	Enterprises management consultancy services
C&D Property Service Group Limited* 建發物業服務集團有限公司	The PRC/ 1 March 2018	Limited liability company	RMB50,000,000	100% (2020: 100%)	Property management services
Xiamen Zhaohui Internet Technology Company Limited* 廈門兆慧網絡科技有限公司	The PRC/ 7 September 2015	Limited liability company	RMB10,000,000	100% (2020: 100%)	Provision of community value-added and synergy services
Xiamen Bairui	The PRC/ 20 July 2018	Limited liability company	RMB50,000,000	80% (2020: 80%)	Provision of elderly-care and health value-added services
Xiamen C&D Gongjian Property Management Company Limited* 廈門建發公建物業管理有限公司	The PRC/ 29 June 2018	Limited liability company	RMB50,000,000	100% (2020: 100%)	Property management services, provision of community value added and synergy services and value-added services to non-property owners
Yijiayuan (Xiamen) Property Management Company Limited* 怡家園(廈門)物業管理有限公司	The PRC/ 17 February 2005	Limited liability company	RMB50,000,000	100% (2020: 100%)	Property management services, provision of community value-added and synergy services and value-added services to non-property owners
Shanghai Yixiang Property Management Company Limited* 上海怡祥物業管理有限公司	The PRC/ 11 May 2006	Limited liability company	RMB11,300,000	100% (2020: 100%)	Property management services
Chengdu Yijiayuan Property Management Company Limited* 成都怡家園物業管理有限公司	The PRC/ 5 March2010	Limited liability company	RMB3,100,000	100% (2020: 100%)	Property management services
Huzhou Yisheng Property Management Company Limited* 湖州市怡晟物業管理有限公司	The PRC/ 11 October 2018	Limited liability company	RMB1,000,000	100% (2020: 100%)	Property management services
Putian Yirui Property Management Company Limited* 莆田怡瑞物業管理有限公司	The PRC/ 6 March 2019	Limited liability company	RMB1,000,000	100% (2020: 100%)	Property management services

29. PARTICULARS OF SUBSIDIARIES *(Continued)*

Name of company	Country/place and date of incorporation/ establishment and operation	Type of legal entity	Particulars of issued and paid in share capital/registered capital	Effective interest held by the Group	Principal activities
Indirectly held by the Company					
Wuhan Yiran Property Management Company Limited* 武漢怡然物業管理有限公司	The PRC/ 14 August 2018	Limited liability company	RMB1,000,000	100% (2020: 100%)	Property management services
Putian Yixin Property Management Company Limited* 莆田市怡信物業管理有限公司	The PRC/ 23 October 2018	Limited liability company	RMB1,000,000	100% (2020: 100%)	Property management services
Wuyishan Yichen Property Management Company Limited* 武夷山怡辰物業管理有限公司	The PRC/ 24 January 2019	Limited liability company	RMB1,000,000	100% (2020: 100%)	Property management services
Guangzhou Yijiayuan Property Management Company Limited* 廣州怡家園物業管理有限公司	The PRC/ 3 August 2018	Limited liability company	RMB1,000,000	100% (2020: 100%)	Property management services
Nanping Yanping District Yijiayuan Property Management Company Limited* 南平市延平區怡家園物業管理有限公司	The PRC/ 23 August 2019	Limited liability company	RMB1,000,000	100% (2020: 100%)	Property management services
Zhangzhou Yizhuo Property Management Company Limited* 漳州怡卓物業管理有限公司	The PRC/ 15 October 2019	Limited liability company	RMB1,000,000	100% (2020: 100%)	Property management services
Hangzhou Yixing Property Management Company Limited* 杭州怡興物業管理有限公司	The PRC/ 26 June 2019	Limited liability company	RMB1,000,000	100% (2020: 100%)	Property management services
Shenzhen Yijiayuan Property Management Company Limited* 深圳市怡家園物業管理有限公司	The PRC/ 6 August 2019	Limited liability company	RMB1,000,000	100% (2020: 100%)	Property management services
Shanghang Yicheng Property Management Company Limited* 上杭怡誠物業管理有限公司	The PRC/ 15 October 2019	Limited liability company	RMB1,000,000	100% (2020: 100%)	Property management services
Ningde Yishun Property Management Company Limited* 寧德怡順物業管理有限公司	The PRC/ 27 June 2019	Limited liability company	RMB1,000,000	100% (2020: 100%)	Property management services

29. PARTICULARS OF SUBSIDIARIES *(Continued)*

Name of company	Country/place and date of incorporation/ establishment and operation	Type of legal entity	Particulars of issued and paid in share capital/registered capital	Effective interest held by the Group	Principal activities
Indirectly held by the Company					
Yongtai Yijiayuan Property Management Company Limited* 永泰怡家園物業管理有限公司	The PRC/ 26 August 2019	Limited liability company	RMB1,000,000	100% (2020: 100%)	Property management services
Zhuhai Yixin Property Management Company Limited* 珠海市怡欣物業管理有限公司	The PRC/ 27 August 2018	Limited liability company	RMB1,000,000	100% (2020: 100%)	Property management services
Zhangzhou Yijiayuan Property Services Company Limited* 漳州怡家園物業服務有限公司	The PRC/ 6 December 2019	Limited liability company	RMB1,000,000	100% (2020: 100%)	Property management services
Zhangzhou Yiping Property Services Company Limited* 漳州怡平物業服務有限公司	The PRC/ 8 May 2018	Limited liability company	RMB1,000,000	100% (2020: 100%)	Property management services
Changsha Yisheng Property Management Company Limited* 長沙怡盛物業管理有限公司	The PRC/ 20 July 2006	Limited liability company	RMB3,000,000	100% (2020: 100%)	Property management services
Zhangzhou Yijiayuan Chengtou	The PRC/ 30 April 2019	Limited liability company	RMB2,000,000	50% (2020: 50%)	Property management services
Minhou Yijiayuan Property Management Company Limited* 閩侯怡家園物業管理有限公司	The PRC/ 8 June 2020	Limited liability company	RMB1,000,000	100% (2020: 100%l)	Property management services
Huijia (Xiamen) Property Management Company Limited* 匯嘉(廈門)物業管理有限公司	The PRC/ 2 June 1995	Limited liability company	RMB5,000,000	100% (2020: 100%)	Property management services, provision of community value-added and synergy services and valued-added services to non-property owners
Nanping Huijia Property Management Company Limited* 南平匯嘉物業管理有限公司	The PRC/ 18 May 2018	Limited liability company	RMB1,000,000	100% (2020: 100%)	Property management services
Nan'an Huijia Property Management Company Limited* 南安匯嘉物業管理有限公司	The PRC/ 23 July 2018	Limited liability company	RMB1,000,000	100% (2020: 100%)	Property management services

29. PARTICULARS OF SUBSIDIARIES *(Continued)*

Name of company	Country/place and date of incorporation/ establishment and operation	Type of legal entity	Particulars of issued and paid in share capital/registered capital	Effective interest held by the Group	Principal activities
Indirectly held by the Company					
Xiamen Yiyuexin Management Consultancy Company Limited* 廈門怡悅新管理諮詢有限公司	The PRC/ 1 February 2018	Limited liability company	RMB5,000,000	100% (2020: 100%)	Property management consultancy services
Xiamen Zaijiayiju Information Technology Company Limited* 廈門在家怡居信息科技有限公司	The PRC/ 28 April 2015	Limited liability company	RMB4,000,000	100% (2020: 100%)	Provision of community value-added and synergy services
Guiyang Yijiayuan Property Management Company Limited* 貴陽怡家園物業管理有限公司	The PRC/ 28 August 2020	Limited liability company	RMB1,000,000	100% (2020: 100%)	Property management consultancy services
Beijing Yichuang Property Management Company Limited* 北京怡創物業管理有限公司	The PRC/ 20 August 2020	Limited liability company	RMB2,000,000	51% (2020: 51%)	Property management consultancy services
Xiamen Xinjia Engineering Management Company Limited*# 廈門信佳工程管理有限公司	The PRC/ 24 May 2021	Limited liability company	RMB5,000,000	100% (2020: Nil)	Home beauty services
Putian Xincheng Decoration Engineering Company Limited*# 莆田信誠裝修工程有限公司	The PRC/ 19 April 2021	Limited liability company	RMB5,000,000	100% (2020: Nil)	Home beauty services
Shishi Xincheng Decoration Engineering Company Limited*# 石獅信誠裝修工程有限公司	The PRC/ 19 April 2021	Limited liability company	RMB5,000,000	100% (2020: Nil)	Hone beauty services
Hangzhou Pingyuexing Decoration Engineering Company Limited*# 杭州品悅行裝修工程有限公司	The PRC/ 27 May 2021	Limited liability company	RMB5,000,000	100% (2020: Nil)	Hone beauty services
Longyan Meiyou Yaxuan Decoration Engineering Company Limited*# 龍岩美優雅軒裝修工程有限公司	The PRC/ 4 June 2021	Limited liability company	RMB5,000,000	100% (2020: Nil)	Hone beauty services
Xiamen Jiashanju Construction Decoration Engineering Company Limited*# 廈門迦善居建築裝修工程有限公司	The PRC/ 10 September 2021	Limited liability company	RMB5,000,000	65% (2020: Nil)	Hone beauty services

29. PARTICULARS OF SUBSIDIARIES *(Continued)*

Name of company	Country/place and date of incorporation/ establishment and operation	Type of legal entity	Particulars of issued and paid in share capital/registered capital	Effective interest held by the Group	Principal activities
Indirectly held by the Company					
Xiamen Huilingju Construction Decoration Engineering Company Limited*# 廈門薈淩居建築裝修工程有限公司	The PRC/ 10 September 2021	Limited liability company	RMB5,000,000	73% (2020: Nil)	Home beauty services
Foshan Yijiayuan Property Management Company Limited*# 佛山怡家園物業管理有限公司	The PRC/ 7 February 2021	Limited liability company	RMB1,000,000	100% (2020: Nil)	Property management services
Liuzhou Yijiayuan Property Management Company Limited*# 柳州怡家園物業管理有限公司	The PRC/ 8 April 2021	Limited liability company	RMB1,000,000	100% (2020: Nil)	Property management services
Wenzhou Yizhao Property Management Company Limited*# 溫州怡兆物業管理有限公司	The PRC/ 31 May 2021	Limited liability company	RMB1,000,000	100% (2020: Nil)	Property management services
Hunan Yiyue Property Management Company Limited*# 湖南怡悅物業管理有限公司	The PRC/ 2 June 2021	Limited liability company	RMB2,000,000	100% (2020: Nil)	Property management services
Longyan Yijiayuan Nanxiang Property Management Company Limited*# 龍岩怡家園南祥物業管理有限公司	The PRC/ 7 June 2021	Limited liability company	RMB2,000,000	51% (2020: Nil)	Property management services
Yiwu Yijin Property Management Company Limited*# 義烏怡錦物業管理有限公司	The PRC/ 5 August 2021	Limited liability company	RMB1,000,000	100% (2020: Nil)	Property management services
Luoyang Quanshun Property Service Company Limited* 洛陽泉舜物業服務有限公司 (note 33(a))	The PRC/ 23 July 2003	Limited liability company	RMB5,000,000	51% (2020: Nil)	Property management services and provision of community value-added and synergy services

\# Company incorporated during the year ended 31 December 2021.

* The English translation of the names of the companies established in the PRC are for reference only. The official names of these companies are in Chinese.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, results in particulars of excessive length.

29. PARTICULARS OF SUBSIDIARIES *(Continued)*

During the year ended 31 December 2021, there was no non-controlling interest of the individual subsidiaries was significant to the Group and thus the individual financial information of these subsidiaries were not disclosed.

In May 2020, the Group acquired 49% equity interest of Xiamen Bairui at a cash consideration of RMB7,350,000. On 29 June 2020, the Group acquired the remaining 51% equity interests of Xiamen Bairui from Shanghai Bairen Health Industry Co., Ltd.* (上海佰仁健康產業有限公司) ("Shanghai Bairen"), an independent third party, at a cash consideration of RMB24,000,000. Upon the completion of this transaction, Xiamen Bairui, the former 49% associate of the Company became the wholly-owned subsidiary of the Company. Further details of this transaction are set out in note 33(b).

On 18 November 2020, the Group entered into an equity transfer agreement with a related company of Shanghai Bairen, to dispose 20% equity interest of Xiamen Bairui at a cash consideration of RMB10,000,000 (the "Equity Transfer"). As the result of the Equity Transfer, the Group's shareholding in Xiamen Bairui was decreased from 100% to 80% without change in control. The Equity Transfer was accounted for as equity transactions, whereby adjustments were made to reflect an increase in non-controlling interests of approximately RMB8,536,000 and an increase in other reserve of approximately RMB1,464,000.

* The English translation of the name of the companies established in the PRC is for reference only. The official names of the companies are in Chinese.

30. COMMITMENTS

(a) Lease commitments — as lessee

As of the reporting date, the lease commitments for short-term leases are as follows:

	2021 **RMB'000**	2020 RMB'000
Within one year	**288**	4,087

(b) Capital commitments

As of the reporting date, the Group had the following capital commitment:

	2021 **RMB'000**	2020 RMB'000
Contracted but not provided for subscribed capital in associates	**–**	1,960

31. MATERIAL RELATED PARTY TRANSACTIONS

The Group's accounting policies on related parties are disclosed in note 2.27. In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, the Group had the following material related party transactions.

(a) During the years ended 31 December 2021 and 2020, the transactions with related parties of the Group carried in the ordinary course of business are as follows:

	2021 RMB'000	2020 RMB'000
Revenue from provision of property management services		
Ultimate holding company	**3,363**	3,357
Companies controlled by Xiamen C&D	**62,700**	35,552
Associates of Xiamen C&D	**4,723**	440
Revenue from provision of community value-added and synergy services		
Ultimate holding company	**3,866**	1,240
Companies controlled by Xiamen C&D	**32,974**	7,200
Associates of Xiamen C&D	**3,837**	7
Revenue from provision of value-added services to non-property owners		
Companies controlled by Xiamen C&D	**433,720**	264,838
Associates of Xiamen C&D	**64,913**	44,607
Interest income received from related parties		
Companies controlled by Xiamen C&D (note 7)	**–**	66,642
Rentals paid for short-term lease		
Ultimate holding company	**125**	1,407
Rentals paid for lease liabilities		
Ultimate holding company	**3,716**	2,143
Interests on lease liabilities		
Ultimate holding company	**166**	327

The prices for the above service fees and other transactions were determined in accordance with the terms mutually agreed by the contract parties.

31. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(b) Other than the balances with related parties set out in note 23, The Group also had the following related party balance during as at 31 December 2021 and 2020:

	2021 **RMB'000**	2020 RMB'000
Lease liabilities		
Ultimate holding company	**3,938**	7,450

(c) Key management personnel remuneration

Key management of the Group are members of the board of directors and senior management. Included in employee benefit expenses are key management personnel remuneration which includes the following expenses:

	2021 **RMB'000**	2020 RMB'000
Fees	**1,200**	–
Salaries and allowances	**1,733**	1,589
Discretionary bonuses	**835**	1,369
Retirement benefit scheme contributions	**81**	12
Equity-settled share-based payment	**123**	–
	3,972	2,970

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities

The tables below set out the reconciliation of liabilities arising from financing activities.

	Amounts due to related parties	
	2021 **RMB'000**	2020 RMB'000
At the beginning of the year	**5,333**	322
Cash flows:		
— Repayments	**(3,558)**	(62)
— Additions	**–**	5,073
At the end of the year	**1,775**	5,333

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

Reconciliation of liabilities arising from financing activities *(Continued)*

	Receipts under securitisation arrangements	
	2021	2020
	RMB'000	RMB'000
At the beginning of the year	**–**	902,774
Cash flows:		
— Repayments	**–**	(920,000)
Non-cash:		
— Interest expenses	**–**	2,176
— Loss on early redemption	**–**	15,050
At the end of the year	**–**	–

	Lease liabilities	
	2021	2020
	RMB'000	RMB'000
At the beginning of the year	**14,156**	7,639
Cash flows:		
— Capital element of lease payments paid	**(5,458)**	(4,895)
— Interest element of lease payments paid	**(604)**	(766)
Non-cash:		
— Interest expenses (note 7)	**604**	879
— Entering into new lease	**5,472**	6,595
— Acquisition through business combination	**–**	4,704
At the end of the year	**14,170**	14,156

33. BUSINESS COMBINATION

(a) Acquisition of Luoyang Quanshun Property Service Company Limited* (洛陽泉舜物業服務有限公司) ("Quanshun Property")

On 1 July 2021, the Group has entered into a sales and purchase agreement with an independent third party for the acquisition of 51% of equity interest in Quanshun Property, a company whose principally activity is provision of property management services for residential properties and other value-added services in the PRC. The total cash consideration for the acquisition was approximately RMB37,393,000. The acquisition was made with the aims to enhance the business scale of the Group and expand market scope of the property management services of the Group. The acquisition was completed in July 2021.

The non-controlling interests above recognised at the acquisition date was measured by reference to the proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Details of the aggregate fair values of the identifiable assets and liabilities of Quanshun Property as at the date of acquisition are as follows:

	Quanshun Property RMB'000
Property, plant and equipment (note 14)	453
Deferred tax assets (note 25)	75
Intangible assets (note 18)	11,365
Trade and other receivables	4,434
Cash and cash equivalents	23,768
Trade and other payables	(13,462)
Contract liabilities	(9,158)
Income tax payable	(361)
Deferred tax liabilities (note 25)	(2,867)
Net assets acquired	14,247
Less: Non-controlling interest	(6,981)
	7,266
Less: cash consideration	(37,393)
Goodwill (note 17)	30,127
Cash consideration paid	(37,393)
Cash and cash equivalents acquired	23,768
Cash outflow arising on acquisition through business combination	(13,625)

33. BUSINESS COMBINATION *(Continued)*

(a) Acquisition of Luoyang Quanshun Property Service Company Limited* (洛陽泉舜物業服務有限公司) ("Quanshun Property") *(Continued)*

Since the acquisition date, Quanshun Property has contributed RMB22,129,000 and RMB2,160,000 to the Group's revenue and profit for the year. If the acquisition had occurred on 1 January 2021, consolidated pro-forma revenue and profit for the year ended 31 December 2021 would have been approximately RMB1,586,847,000 and RMB160,879,000 respectively.

(b) Acquisition of Xiamen Bairui

On 24 June 2020, the Group has entered into an agreement to acquire an additional 51% equity interest of Xiamen Bairui at the consideration of RMB24,000,000 and the acquisition was completed on 29 June 2020. Xiamen Bairui was previously an associate of the Group. After the acquisition, the Group held effective equity interest of 100% of Xiamen Bairui.

Accordingly, the Group re-measured the fair value of its previously held interests in Xiamen Bairui at the date of acquisition and recognised the resulting gain of RMB2,993,000 on the re-measurement of the Group's previously held interests in Xiamen Bairui to acquisition-date fair value.

Details of the carrying value and fair value of the Group's previously held interests in Xiamen Bairui at the acquisition-date are summarised as follows:

	RMB'000
Share of net assets	19,511
Less: Fair value of previously held interests	(22,504)
Gain on re-measurement of previously held interest in an associate	(2,993)

Goodwill arose from the acquisitions of Quanshun Property and Xiamen Bairui because the consideration paid included amounts in relation to the revenue growth and future market development of the business acquired. These benefits are not recognised separately from goodwill, because they do not meet the recognition criteria for identifiable intangible assets. Goodwill arising from the acquisitions are not expected to be deductible for tax purpose.

34. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

The shareholders of Company approved 2021 Restricted Share Incentive Scheme (the "Restricted Share Incentive Scheme") on 27 September 2021. Subsequently on 4 November 2021 (the "Grant Date") 28,250,000 restricted shares were issued and allotted to a trustee which holds the restricted shares on behalf of the selected participants until the restricted shares are vested. Selected participants are entitled to the related distribution derived from the relevant restricted shares during the period from the date of the issue of the restricted shares to the vesting date (both dates inclusive) of such restricted shares, which shall however only be vested by the relevant selected participant on the vesting date subject to fulfilment of vesting conditions of the restricted shares.

The selected participants include certain directors of the Company, certain members of senior management and employees of the Group who under the terms of the Restricted Share Incentive Scheme subscribed for the restricted shares at HK$2.41 per share (the "Subscription Price").

Under the terms of the Restricted Share Incentive Scheme, if the vesting conditions: (a) performance target of the Company and (b) individual performance evaluation requirement of selected participants are fulfilled, the restricted shares shall be vested by 40%, 30% and 30% on each of the vesting period, respectively.

For the selected participants who do not meet the vesting conditions, the unvested restricted shares remaining at the end of the Restricted Share Incentive Scheme are to be forfeited.

	Number of awarded shares
Granted during the year	**28,250,000**
Outstanding as at 31 December 2021	**28,250,000**

The fair value of the restricted shares issued was assessed based on the market price of the Company's shares at the Grant Date. The expected dividends and time value of money for the expected dividends during the vesting period were taken into account when assessing the fair value of the restricted shares.

The weighted average fair value of restricted shares granted during the year ended 31 December 2021 was approximately HK$1.69 per share (equivalent to RMB1.41 per share).

On 4 November 2021, as a result of the issuance of new shares, the Company's share capital (note 26) and share premium increased by RMB233,000 and RMB55,853,000, respectively. Accordingly, the Company's shares held for restricted shares incentive scheme increased by RMB56,086,000. The Group recognised the expense of RMB2,607,000 (2020: RMBNil) for the year ended 31 December 2021 in relation to the Restricted Share Incentive Scheme.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include credit risk, liquidity risk and market risk (including interest rate risk and foreign currency risk).

The Group's overall risk management strategy seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group and approved by the board of directors.

35.1 Categories of financial assets and liabilities

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and financial liabilities:

The Group

	2021	2020
	RMB'000	RMB'000
Financial assets		
Financial assets at amortised cost		
— Trade and other receivables	**185,526**	124,746
— Amount due from a related party	**–**	31
— Restricted bank deposits	**35,887**	20,219
— Cash and cash equivalents	**2,261,445**	886,159
	2,482,858	1,031,155
Financial liabilities		
Financial liabilities measured at amortised cost		
— Trade and other payables	**597,418**	429,803
— Amounts due to related parties	**1,775**	5,333
— Lease liabilities	**14,170**	14,156
	613,363	449,292

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

35.2 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group is exposed to credit risk in relation to its cash and cash equivalents, restricted bank deposits, trade and other receivables and amount due from a related party. The Group's maximum exposure to credit risk in relation to financial assets is limited to their carrying amounts as disclosed in note 35.1.

(i) Trade receivables — Third parties

The Group has a large number of customers and there was no concentration of credit risk. Credit risks mainly arises from credit exposure from property owners and third-party non-property owner customers with no credit terms except for the customers of smart community services with credit period ranged from 5 to 60 days, and related party customers with no credit terms. The Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. In addition, the Group reviews the recoverability of these receivables at the reporting date based on historical settlements records and experience and adjusts for forward-looking information, to ensure that adequate impairment losses are made for irrecoverable amounts.

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables has been grouped based on shared credit risk characteristics and the past due status. The ECL model also incorporate forward-looking information.

(ii) Trade receivables — Related parties

The Group expects that the credit risk associated with amount due from a related party is considered to be low after considering the factors as set out in note 2.10, since related parties have a strong capacity to meet their contractual cash flow obligations in the near term. Thus, the impact of ECL is insignificant to the consolidated financial statements.

(iii) Other receivables other than amount due from a related party

For other receivables other than amount due from a related party, management makes periodic collective assessments on the recoverability of other receivables based on historical settlement records and past experience. The directors believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables. Thus, ECL recognised during the year presented was limited to 12-month ECL and the ECL model also incorporates forward-looking information.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

35.2 Credit risk *(Continued)*

(iii) Other receivables other than amount due from a related party (Continued)

The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit loss. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

— internal credit rating based on historical information;

— actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;

— actual or expected significant changes in the operating results of the debtor;

— significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the Group and changes in the operating results of the debtor.

As at 31 December 2021 and 2020, the loss allowance provisions on third parties trade receivables were determined, based on due date, as follows.

		As at 31 December 2021			As at 31 December 2020		
	Expected loss rate	**Gross carrying amount RMB'000**	**Loss allowance provision RMB'000**	**Net carrying amount RMB'000**	Gross carrying amount RMB'000	Loss allowance provision RMB'000	Net carrying amount RMB'000
Trade receivables — third parties							
Within 1 year	5%	**68,876**	**(3,309)**	**65,567**	54,675	(2,734)	51,941
1 to 2 years	10%	**13,300**	**(1,600)**	**11,700**	8,088	(808)	7,280
2 to 3 years	30%	**2,505**	**(752)**	**1,753**	2,956	(887)	2,069
3 to 4 years	50%	**1,018**	**(509)**	**509**	1,019	(510)	509
4 to 5 years	80%	**417**	**(334)**	**83**	820	(656)	164
Over 5 years	100%	**327**	**(327)**	**–**	1,671	(1,671)	–
		86,443	**(6,831)**	**79,612**	69,229	(7,266)	61,963

As at 31 December 2021, the Group has adopted average expected loss rate of 5% (2020: 5%) on the gross carrying amounts of other receivables amounted to RMB54,870,000 (2020: RMB36,225,000). The loss allowance as at 31 December 2021 is RMB2,496,000 (2020: RMB1,684,000).

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

35.2 Credit risk *(Continued)*

Movements of the Group's loss allowance on trade receivables are as follows:

	2021	2020
	RMB'000	RMB'000
At the beginning of the year	**7,266**	7,483
Reversal of ECL allowance	**(344)**	(217)
At the end of the year	**6,922**	7,266

Movements of the Group's loss allowance on other receivables based on 12-month ECL are as follows:

	2021	2020
	RMB'000	RMB'000
At the beginning of the year	**1,684**	1,208
Provision for ECL allowance	**812**	476
At the end of the year	**2,496**	1,684

For cash and cash equivalents and restricted bank deposits, the Group has assessed that they were placed at banks with high-credit ratings assigned by international credit-rating agencies. The risk of default is low based on market information and the Group considers the credit risk to be insignificant.

35.3 Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade and other payables, amounts due to related parties, lease liabilities and receipts under securitisation arrangements and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

Analysed below is the Group's remaining contractual maturities for its non-derivative financial liabilities as at 31 December 2021 and 2020. When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date when the Group can be required to pay. Where the settlement of the liability is in instalments, each instalment is allocated to the earliest period in which the Group is committed to pay.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

35.3 Liquidity risk *(Continued)*

	Within 1 year or on demand RMB'000	Over 1 year but within 2 years RMB'000	Over 2 years but within 5 years RMB'000	Over 5 years RMB'000	Total undiscounted contractual amount RMB'000	Carrying amount RMB'000
As at 31 December 2021						
Trade and other payables	**597,418**	**–**	**–**	**–**	**597,418**	**597,418**
Amounts due to related parties	**1,775**	**–**	**–**	**–**	**1,775**	**1,775**
Lease liabilities	**6,381**	**1,533**	**836**	**10,618**	**19,368**	**14,170**
	605,574	**1,533**	**836**	**10,618**	**618,561**	**613,363**
As at 31 December 2020						
Trade and other payables	429,803	–	–	–	429,803	429,803
Amounts due to related parties	5,333	–	–	–	5,333	5,333
Lease liabilities	5,651	4,416	531	10,087	20,685	14,156
	440,787	4,416	531	10,087	455,821	449,292

35.4 Interest rate risk

The Group is exposed to the cash flow interest rate risk and fair value interest rate risk for its bank deposits and lease liabilities, respectively. Both of which are mainly concentrated on the fluctuation of the market interest rate from banks. No sensitivity analysis is presented since the directors consider the exposure of cash flow interest rate and fair value interest rate risk arising from variable-rate bank deposits and lease liabilities, respectively, will not be significant in the near future.

35.5 Foreign currency risk

Foreign currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group operates mainly in PRC and majority of the transactions are denominated and settled in the functional currency of respective entities within the Group, RMB. For the years ended 31 December 2021 and 2020, the Group did not have significant foreign currency risk from its operations.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

35.6 Fair value measurements of financial instruments

Financial assets and liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability and significance of inputs to the measurements, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and not using significant unobservable inputs.
- Level 3: significant unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the financial asset is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The reconciliation of the carrying amounts of the Group's financial instruments classified within Level 3 of the fair value hierarchy is as follows:

	Subordinated tranche securities RMB'000
1 January 2020	34,190
Fair value gain recognised in profit or loss	14,660
Disposal	(48,850)
As at 31 December 2020	–

Fair value gain on subordinated tranche securities is recognised in profit or loss and included under "Other income".

There have been no transfers into or out of Level 3 during the years ended 31 December 2021 and 2020.

35.7 Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the financial instruments of the Group's carried at cost or amortised cost are not materially different from their fair values as at 31 December 2021 and 2020.

36. 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.

The Group actively and regularly reviews its capital structure and makes adjustments in light of changes in economic conditions. The Group monitors its capital structure on the basis of the net debt to equity ratio. For this purpose, net debt is defined as receipts under securitisation arrangements less cash and cash equivalents. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to the shareholders, issue new shares and raise new debt financing.

During the year ended 31 December 2021, the Group's strategy in monitoring its capital structure was to maintain a sufficient cash level to meet its liquidity requirements. In order to maintain or adjust the cash level, the Group may issue new shares, raise new debts financing or sell assets to increase the cash level.

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

FIVE-YEAR FINANCIAL SUMMARY

FINANCIAL RESULTS

	Year ended 31 December				
	2021	2020	2019	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**1,556,645**	1,028,574	801,330	608,618	447,051
Gross profit	**389,356**	251,680	183,397	140,891	116,996
Profit before income tax	**205,052**	143,874	93,663	66,451	44,273
Profit for the year	**160,902**	106,838	68,285	48,483	32,459
Profit for the year attributable to the equity owners of the Company	**159,374**	106,118	68,181	47,835	30,750

ASSETS, LIABILITIES AND EQUITY

	As at 31 December				
	2021	2020	2019	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	**101,451**	53,195	70,352	46,897	39,052
Current assets	**2,511,237**	1,043,635	1,482,708	1,393,007	1,558,061
Non-current liabilities	**15,227**	14,177	908,969	1,027,200	1,230,417
Current liabilities	**1,566,203**	668,000	466,667	353,627	315,816
Net current assets	**945,034**	375,635	1,016,041	1,039,380	1,242,245
Total equity	**1,031,258**	414,653	177,424	59,077	50,880