First Service Holding Limited

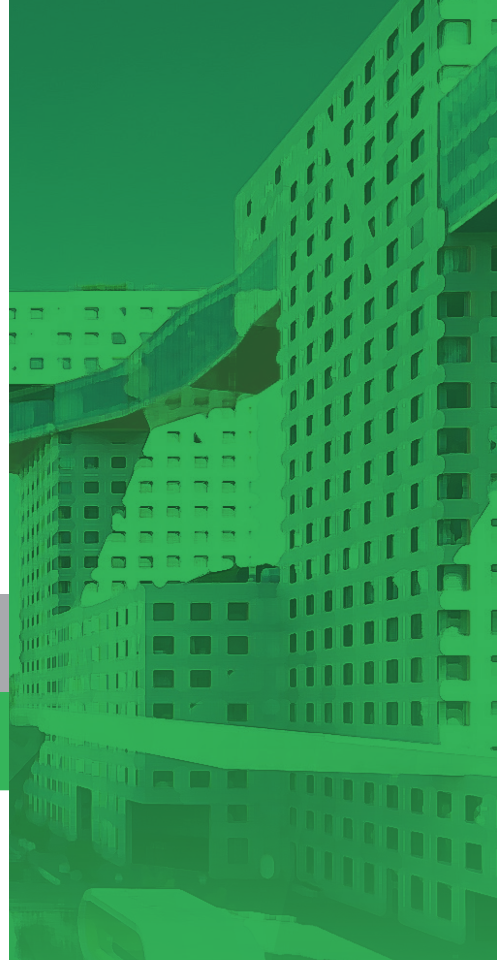
第一服务控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock code: 2107

ANNUAL REPORT 2021

First Service Holding Limited
Annual Report 2021

CONTENTS



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Liu Peiqing (劉培慶)
Mr. Jia Yan (賈岩)
Mr. Jin Chungang (金純剛)
Ms. Zhu Li (朱莉)

Non-executive Directors

Mr. Zhang Peng (張鵬) *(Chairman of the board)*
Mr. Long Han (龍晗)

Independent Non-executive Directors

Ms. Sun Jing (孫靜)
Mr. Chen Sheng (陳晟) (appointed on 30 March 2022)
Mr. Cheng Peng (程鵬)
Ms. Zhu Caiqing (朱彩清) (resigned on 30 March 2022)

COMPANY SECRETARY

Ms. Szeto Kar Yee Cynthia (司徒嘉怡)
(ACG, HKACG)

AUTHORIZED REPRESENTATIVES

Mr. Liu Peiqing
Ms. Szeto Kar Yee Cynthia

AUDIT COMMITTEE

Ms. Sun Jing *(Chairman)*
Mr. Chen Sheng (appointed on 30 March 2022)
Mr. Cheng Peng
Ms. Zhu Caiqing (resigned on 30 March 2022)

REMUNERATION COMMITTEE

Mr. Cheng Peng *(Chairman)*
Mr. Zhang Peng
Ms. Sun Jing (appointed on 30 March 2022)
Ms. Zhu Caiqing (resigned on 30 March 2022)

NOMINATION COMMITTEE

Mr. Zhang Peng *(Chairman)*
Mr. Cheng Peng
Mr. Chen Sheng (appointed on 30 March 2022)
Ms. Zhu Caiqing (resigned on 30 March 2022)

HONG KONG LEGAL ADVISER

Miao & Co. (In association with Han Kun Law Offices)
Rooms 3901-05, 39/F
Edinburgh Tower, The Landmark
15 Queen's Road Central
Hong Kong

INDEPENDENT AUDITOR

KPMG
Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance
8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

COMPLIANCE ADVISER

Soochow Securities International Capital Limited
Level 17, Three Pacific Place
1 Queen's Road East
Hong Kong

THE CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square, Grand Cayman, KY1-1102
Cayman Islands

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANK

China Guangfa Bank, Beijing Dongzhimen Branch
1/F, Tower A
Donghuan Plaza
9 Dongzhong Street, Dongcheng District
Beijing, PRC

REGISTERED OFFICE

PO Box 309
Ugland House
Grand Cayman, KY1-1104
Cayman Islands

HEADQUARTERS

3rd Floor, Building 10
Wanguocheng MOMA
No. 1 Xiangheyuan Road, Dongzhimenwai
Dongcheng District
Beijing, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F., Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

COMPANY'S WEBSITE

www.firstservice.hk

Overview of First Service Holding (2107.HK)

Founded in Beijing in 1999, First Service Holding was listed on the Main Board of the Stock Exchange with the stock code of 2107 on 22 October 2020. It is a green service company that provides property management services, community operation services, building technology consulting and research and development of products, energy station operation and maintenance. It positions itself as an operator of full life scene industry homes with green technology and is committed to providing customers with green, healthy and digitally connected living experiences.

First Service Holding has a wide presence in large and medium-sized cities across China with businesses involving residential buildings, villas, office buildings, hospitals, colleges and universities and industrial parks etc.. First Service Holding is a holder of the certificate of high and new technology enterprise at national level and is a council member of China Property Management Institute, with a level one property services qualification certificate issued by the Ministry of Housing and Urban-Rural Development (MOHURD). It has been ranked among the Top 100 Property Management Companies in China for seven consecutive years for its strong performance in comprehensive corporate management and green technology brand building. It won the TOP23 list of "2021 Top 100 Property Management Companies in China" (2021年中國物業企業百強榜).

COMPANY PROFILE






FIVE-YEAR FINANCIAL SUMMARY

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended December 31,				
	2021	2020	2019	2018	2017
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		Restated			
Revenue	**1,119,869**	775,367	624,679	495,531	379,213
Profit before income tax	**39,292**	121,672	106,884	72,186	56,319
Profit for the year	**33,609**	99,603	83,862	52,941	41,845
Total comprehensive income for the year	**24,832**	96,040	83,862	52,941	41,845

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Year ended December 31,				
	2021	2020	2019	2018	2017
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		Restated			
Assets					
Non-current assets	**288,423**	51,589	50,361	124,206	60,403
Current assets	**1,069,451**	1,162,165	669,878	553,521	477,968
Total assets	**1,357,874**	1,213,754	720,239	677,727	538,371
Equity and liabilities					
Equity attributable to the equity owners of the Company	**637,478**	652,857	243,115	317,712	242,748
Total equity	**673,520**	673,415	276,708	343,977	250,730
Non-current liabilities	**42,544**	995	566	–	31
Current liabilities	**641,810**	539,344	442,965	333,750	287,610
Total liabilities	**684,354**	540,339	443,531	333,750	287,641
Total equity and liabilities	**1,357,874**	1,213,754	720,239	677,727	538,371

STRATEGIC EXPANSION, DIVERSIFIED BUSINESS

In 2021, we continued to promote our nationalised market layout through market synergy and empowerment.

In 2021, we entered into a strategic equity cooperation with Dalian Yahang and Qingdao Luoyang, successfully joining hands with these two major property companies, which not only further expanded the volume of services in the Bohai Rim region, but also further complemented the Group's business types and also significantly increased the proportion of third-party business.

As of 31 December 2021, First Service Holding had 451 projects under management with a GFA under management of 52.06 million sq.m., representing a year-on-year growth rate of 173%; and 539 contracted projects with a GFA of 74.02 million sq.m., representing a year-on-year growth rate of 98%. Among these, the GFA under management from third parties increased to 37.83 million sq.m., up 426% year-on-year, while the contracted GFA from third parties was 47.32 million sq.m., up 201% year-on-year.

Signing site with Dalian Yahang

Signing site with Qingdao Luohang

MAJOR EVENTS AND ACCOLADES IN 2021

PROJECT EXPANSION, INCREMENTAL DISTRIBUTION

In 2021, we accelerated the expansion of our third-party business, enriched the types of property management, build up our scale advantage and diversified business segments in order to achieve quality and high growth, continue to optimise operational efficiency and revenue, and enhance our core competitiveness. In 2021, we expanded our multi-industry projects, including owner's committee properties, schools, logistics parks, hospitals and food markets, through tenders and agreements for selection.

As of 31 December 2021, First Service Holding Limited had established a nationwide presence covering 103 cities across 25 provinces/municipalities in China.

Residential property services for Jiujingjia Garden

School property services for Harbin Institute of Technology Weihai Campus

Logistics parks property services for GLP Zhangjiagang Logistics Park

Hospital property services for Guiyang Yuecheng Women's and Children's Hospital

Property services of food market for Jixian Agricultural Trade Center, Lin'an District, Hangzhou City

Scenic spot property services for Liugong Island

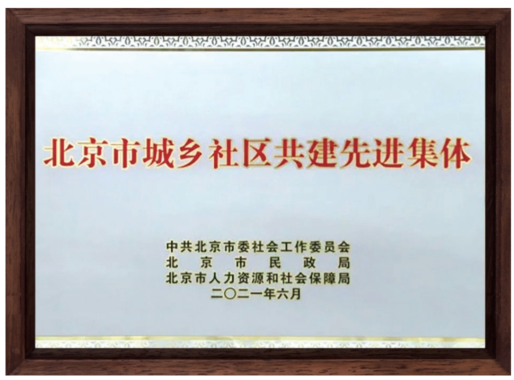
VISION UNFORGOTTEN, MOVE FORWARD WITH HONOUR

In 2021, the China Index Academy ranked us 23rd among the top 100 property management companies in China in 2021, and First Service Holding Limited has been firmly on the list of the top 100 property management companies in China for seven consecutive years. At the same time, we were awarded the "Top 20 China Property Services Listed Enterprises in Capital Market Performance 2021", "Top 30 China Property Services Enterprises in Innovation Capability 2021", "Top 100 China Property Services Leading Enterprises in Service Quality 2021", "Top 100 China Property Services Leading Enterprises in Growth 2021", and "Leading Enterprises in Special Property Services 2021 — China Green Technology Property Innovation Enterprises".

On 19 April 2021, Hang Seng Indexes Company launched the Hang Seng Property Service and Management Index, which included First Service Holding among the list of 30 companies.

In 2021, we were selected as one of the top 10 property management companies in 2021 in terms of operation capability and one of the top 50 property management companies in terms of customer satisfaction by EH Think Tank and Jiahe Jiaye Property Management Research Institute.

In 2021, we were also awarded the title of "Advanced Collective for the Construction of Urban and Rural Communities in Beijing"; and the honorary title of "Most Beautiful Property Service Enterprise" by the Real Estate Association of Shanxi Province.



MAJOR EVENTS AND ACCOLADES IN 2021

QUALITY SERVICES, OPERATE WITH CRAFTMANSHIP

In 2021, we continued to operate with craftsmanship and provide high property services, and a number of projects in various regions were recognised by their government, town committees and property owners. As a result, we won a number of accolades.

We were awarded the title of "Excellent Property Enterprise in the Property Management Industry in Weihai City".

We were awarded the title of "Excellent Property Management Enterprise" in Changsha City.

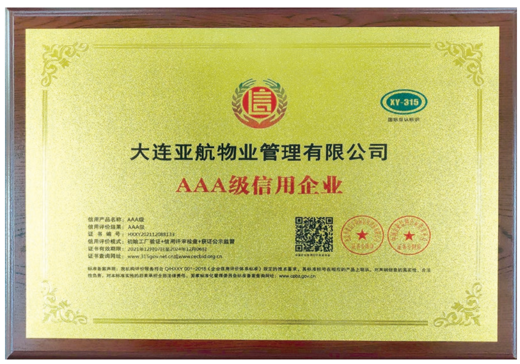
The First Service Taiyuan Wanguocheng MOMA Service Centre was awarded the title of "Model Garden District" in Taiyuan.

The First Service Wuhan Guanggu Mantingchun MOMΛ Service Centre was awarded the title of "Ten Best Satisfactory Communities" in Wuhan East Lake Hi-tech Zone.

The First Service Wuhan Hanyang Wanguocheng MOMΛ Service Centre was awarded the title of "Ten Best Property Enterprises" in Hanyang District, Wuhan City.

The First Service Weihai Wanghai Prestige Service Centre was awarded the title of "Advanced Unit of Exquisite City" and "Red Property Model Creation Project of 2021 in Huancui District".

As a quality service provider, we have been awarded many times by our clients, such as "AAA Grade Credit Enterprise", "Tackling Difficulties — Customer Service Award" and "Excellent Partner".



SAFE PRODUCTION, PRECAUTION MEASURES

In 2021, we continued to pay attention to the prevention and control of safety hazards in our property service communities, rectifying them in a timely manner and focusing on creating a good community environment. A number of projects in various regions were recognised by their government, town committees and property owners. As a result, we won a number of accolades.

The First Service Changsha Binjiang Mantingchun MOMΛ Service Centre was awarded the honorary title of "Safe Unit" in Yuelu District, Changsha City.

The First Service Beijing Shangdi MOMΛ Service Centre, IMOMΛ Service Centre and Yue MOMΛ Service Centre were all awarded the level 3 title of "Safety Production Standardisation Enterprise".

First Service Quanzhou Contemporary Jinjiang Wanguocheng Community won the "Safe Community of the Year".

MAJOR EVENTS AND ACCOLADES IN 2021

WASTE SEPARATION, GREEN PRACTICE

In 2021, we actively practiced the concept of green, low-carbon and environmentally friendly property services, cooperated with the government in waste separation and provided effective guidance to property owners, so that they could easily solve the problem of waste separation. A number of projects in various regions were recognised by their government, town committees and property owners. As a result, we won a number of accolades.

The First Service Beijing Shunyi Yue MOMΛ Service Centre was awarded the title of "Beijing Household Waste Separation Demonstration Community".

The First Service Suzhou Contemporary Wanguo Villa MOMΛ Service Centre and Suzhou Shishan Contemporary MOMΛ Service Centre were both awarded the "Suzhou Three Star Community for Waste Separation".

Changsha Wanguocheng MOMΛ Service Centre and Changsha Kaifu Mantingchun MOMΛ Service Centre in Changsha were both awarded the title of "Top 10 Property Communities" for waste separation in Kaifu District, Changsha City.

LOW-CARBON SERVICES, GREEN COMMUNITY

In 2021, we actively responded to the national dual carbon policy, applying peak carbon emission and carbon neutrality to the building sector through green construction, integrating independent research results into the construction, improving the quality of human living environment on the basis of completing energy saving and consumption reduction, and actively practicing our green and low-carbon responsibilities.

Our "Separate Passive House Exclusive Air Conditioner" was awarded the title of "2021 Healthy Living Technology Innovation Product" by You Green Think Tank.

First Service Shijiazhuang Contemporary House was awarded the "Healthy Community Design Mark" by the China Urban Science Research Association.

PERSONNEL EFFICIENCY EMPOWERMENT, EMPHASIS ON TALENTS

In 2021, we focused more and more on the long-term positive impact of our core talents on business management, and on breaking new ground in the areas of personnel efficiency empowerment, business innovation, robust development and customer satisfaction.

In 2021, we attached great importance to the construction and improvement of the talent training system, placing more emphasis on the refinement of the internal skills of property services. In addition to traditional training such as the Rookie Camp and the Project Manager Training Camp, we also conducted a number of technical training sessions such as the “Finance Manager Training Camp”, “Order Maintenance Manager Training Camp”, “HVAC Training Camp” and “Pre-intervention Engineer Training Camp” to provide targeted training for various professions, enhance the professional capabilities of the team and ensure the inheritance of green quality.

MAJOR EVENTS AND ACCOLADES IN 2021

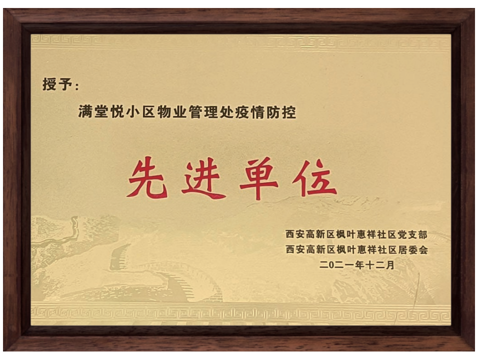
UNITED DEFENCE AGAINST THE PANDEMIC, PROTECT OUR COMMUNITY

Since the outbreak of the pandemic, property services companies are the basic unit of the web-based governance, and we have taken the initiative to shoulder our social responsibility and have been at the forefront of the fight against the pandemic together with all walks of life. Property is the last barrier to guard homes. We actively implemented the work deployment of local governments, and pandemic prevention work such as staff screening, vehicle records, communal area disinfection, and purchasing and delivering various materials such as vegetables on behalf of quarantined property owners, which effectively provided strong protection for residents' lives and pandemic prevention and control. First Service Holding Limited's active prevention of pandemic has been praised by the government, the town committees and the property owners.

The First Service Loudi Meishuiwan Qingnianli Service Centre was awarded the title of "Loudi City Commendation and Promotion of New Coronary Pneumonia Pandemic Prevention and Control Advanced Unit".

The First Service Xi'an Mantangyue MOMΛ Service Centre was awarded the title of "Advanced Unit for Property Management and Pandemic Prevention and Control in Mantangyue Community".

The First Service Foshan Contemporary Service Centre was awarded a banner of honour for its "courageous commitment and love in the fight against the pandemic".



ADHERE TO CHARITY, PASS ON OUR DREAMS

A secure home begins with responsibility, and service is about delivering dreams. We attach great importance to the practice of corporate social responsibility. For more than 20 years of development, we have insisted on charity.

CARE FOR THE ELDERLY LIVING ALONE, DO PRACTICAL THINGS FOR THEM

Since 2020, our certain regional companies regularly organise public welfare activities for new and old staff to visit the elderly living alone. Every time they visit the elderly, they will talk with them, ask them about their physical condition, clean their living places and send them daily necessities, so as to deliver them the company's sincere care and promote the fine Chinese traditional virtue of respecting and honouring the elderly.

CARE FOR CHILDREN'S GROWTH, CONTRIBUTE TO THEIR DREAMS OF AEROSPACE

It has been eight years since we began participating in the China Aerospace Foundation's Little Colourful Elephant Space Dream Fund (中國航天基金會小彩象航天夢向基金) from 2014. In October 2021, we together with the Dream Fund visited Dongjiaying Primary School and Dahongcheng Township Central Primary School in Hohhot, Inner Mongolia, to make donations to help the students solve practical problems and help them complete their education better. This good deed will also contribute to the development of China's aerospace industry and the delivery of charity.

DELIVER LOVE THROUGH SELF-SERVICE FREEZERS

Since 2019, we have been carrying out street-level "deliver love through self-service freezers" activities in some cities for three consecutive years, paying tribute to every worker who works in the city under the scorching sun and practising corporate social responsibility with concrete and practical actions.

LEARN FROM EXPERIENCE, TAKE ON RESPONSIBILITY

In May 2021, our "learn from experience, take on responsibility" charity campaign started again. This time we went to Long Quan Central School in Loufan County, Shanxi Province, to distribute school supplies to students and focus on youth development.

CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

Dear Stakeholders,

On behalf of the Board, I am pleased to present the annual report with our business review and prospect of our Group for the year ended 31 December 2021.

2021 OVERVIEW

Since 2021, a series of regulatory and encouraging policies have been introduced by the government to guide and support the healthy development of the property management industry, which add momentum to the industry. Meanwhile, changes in the internal and external circumstances of the property management industry have also brought us new challenges.

As a leading green technology property management service provider in China, we have actively expanded since the Listing and have entered into strategic cooperation with Dalian Yahang and Qingdao Luohang by way of acquisitions to continue to scale our business and enhance our professional capabilities. We also continue to expand our value-added services to various fields, such as community retail, home living services, decoration services and space management services, and provide a diverse portfolio of products and services to meet the changing needs of our customers and property owners in their daily lives. With our outstanding performance in terms of scale, strength, and service quality, we were once again ranked as one of the 2021 Top 100 Property Management Companies in China at the 2021 China Top 100 Property Service Companies Research Conference held by China Index Academy.

In 2021, facing the resurgence of COVID-19 pandemic in several regions, we were keenly aware that the safeguards of health and safety trump everything. We applied the experience accumulated in the fight against COVID-19 to communities we managed, strived to create a healthy environment, upgraded our prevention strategies, provided uninterrupted daily services and safety to community residents, and undertook the responsibility for COVID-19 pandemic prevention and control. In July 2021, several regions in China suffered from continuous heavy rainfall in rainy season, we immediately activated the emergency plan for flood prevention, requiring the management to lead on the front line to ensure the communities ride out the rainy season. We have demonstrated the hard-core heroic nature of practitioners in the property management industry no matter in the prevention of COVID-19 or in flood prevention, safeguarded the health and safety of the property owners of communities we served, and satisfied the property owners and the society.

In 2021, our three business lines, namely property management services, green living solutions, and value-added services advanced together. We recorded total revenue of RMB1,119.9 million in 2021, representing an increase of 44.4% as compared with that in 2020. We recorded profit for the year of RMB33.6 million in 2021, representing a decrease of 66.3% as compared with that in 2020, primarily because the Group recognized significant expected credit loss allowances for certain receivables due from customers from real estate sector in view of the general downturn of the real estate market in the PRC in the second half of 2021.

Stable Growth of Business Scale

As of 31 December 2021, we had contracted to provide property management services in 103 cities across 25 provinces and municipalities in China. As of 31 December 2021, our GFA under management amounted to approximately 52.1 million sq.m., representing an increase of approximately 172.9% as compared with that as of 31 December 2020, among which GFA under management sourced from third parties increased significantly by approximately 425.7% to approximately 37.8 million sq.m. as compared with that as of 31 December 2020. As of 31 December 2021, our total contracted GFA amounted to approximately 74.0 million sq.m., representing an increase of approximately 98.4% as compared with that as of 31 December 2020, among which contracted GFA sourced from third parties increased significantly by approximately 200.6% to approximately 47.3 million sq.m. as compared with that as of 31 December 2020. The rapid expansion of our GFA under management is attributable to our active market expansion as well as our successful acquisition of two property management companies, namely Dalian Yahang and Qingdao Luohang, in 2021.

CHAIRMAN'S STATEMENT

Continued Enrichment of Property Types

In 2021, we accelerated the expansion of projects sourced from third parties and adjusted the types of properties we managed, covering a variety of property types such as owner's committee properties, schools, industrial parks, hospitals, food markets and scenic spots. As of 31 December 2021, our GFA under management for residential properties, public properties, commercial and other properties amounted to 27.9 million sq.m., 6.9 million sq.m. and 17.2 million sq.m., accounting for 53.6%, 13.4% and 33.0% of our total GFA under management, respectively, of which commercial and other properties increased significantly by 16.6 million sq.m. as compared with that as of 31 December 2020. We will accelerate our business expansion in the future in order to gain advantage of scale and diversified property types to achieve rapid growth with high quality, while continuing to optimize operational efficiency and enhance core competitiveness.

Maturing and Diversified Layout

We continue to expand our existing core business lines to generate sustainable revenue streams. Revenue generated from our green living solutions amounted to RMB195.9 million in 2021. We consistently enhanced our quality management and service innovation to provide a comfortable living experience for our customers. Revenue generated from our value-added services amounted to RMB312.9 million in 2021, of which revenue from community value-added services amounted to RMB159.7 million, representing an increase of 32.1% as compared with that in 2020. The increase was primarily because we closely followed the market trend and expanded our existing value-added service offerings to a variety of fields such as community retail, home living services, decoration services and space management services. In the future, we will keep improving our business model to achieve synergy between our different business lines.

Steady Improvement of Research and Development Capabilities

In terms of research and development of green living solutions, we have achieved the following progress: (i) developing AI operation and maintenance cloud platform. We have completed the construction of the whole cloud platform program framework and main function development, and accomplished the access deployment of several projects; (ii) upgrading our AIRDINO systems for passive houses, which has greatly reduced equipment noise and improved purification and dust removal efficiency, while improving the control system; (iii) continuously improving the development of modular radiant ceiling systems which greatly shorten the construction period, reduce construction costs, and effectively reduce carbon emissions during the decoration process; (iv) completing the development of a new model of semi-centralized and semi-divided "flexible" four stabilizing system, leveraging AIOT (the integration of AI and IoT technologies), smart home and our self-developed AIRDINO systems to further reduce energy consumptions, carbon emissions and operating costs, as well as adapt to the diverse needs of customers more flexibly; (v) completing the research and development of smart home control panel to achieve the interconnection of the community property service system and the smart home control system. We are also developing a smart home integrated panel based on Harmony OS. Our above research and development capabilities have laid a solid foundation for our future development in the green living solution market.

2022 OUTLOOK

Our mission is to provide customers with digitally connected, green and healthy living experiences. We will continue to implement the following strategies in furtherance of this goal:

Continue to expand the scale of our property management business

As a property management service provider, we will continue to strive to expand our market share and enhance our brand awareness. We will divide existing management cities according to market expansion resources, and focus on core cities. Meanwhile, for the existing property service centers, we will implement our district-based control plan and take key property projects as the core to radiate the surrounding areas and pull incremental resources into the market. In addition, we will strengthen our post-investment project management and empower our acquisitions such as Dalian Yahang and Qingdao Luohang efficiently to give full play to the synergy effect. While enhancing our expansion capabilities, we are also gearing up to build professional, standardized, and digitalized comprehensive service capabilities with an aim to continuously gain customer recognition and explore more customer needs.

Actively explore the new track of smart city service

We will actively explore the "one map" strategy for digital city management and collaborate with digital twin platform companies to integrate digital twin technology and city services. By reconstructing a digital twin city with a one-to-one simulation of the real city, we will provide visual twin scenarios for urban intelligent services, break data islands, and provide decision support for city administers to control, predict, analyze, and optimize governance, to achieve urban service management efficiently. We seek to take the subdivision of urban municipal management as the starting point, and provide solutions of urban property fine management in five categories including municipal sanitation, greening management, river management, equipment management, community management, so as to form a new mode of urban service integrating "city, people and industry" and explore the existing market of urban service.

Leverage AI platform to explore energy operation and maintenance market

We intend to focus on the smart energy-saving market of central heating and cooling. With AI operation and maintenance cloud platform as the core product, we will provide energy-consuming enterprises with integrated energy operation solutions including energy system design and planning, energy-saving transformation, efficient operation and management, and improvement of health and comfort quality, helping companies move from the stage of relying on human expertise and practical project experience to the stage of automation, digitalization and intelligent efficient energy management. Echoing the national dual-carbon policy, we will continue to: (i) improve the AI operation and maintenance cloud platform and intelligently upgrade the monitoring system of our existing operation projects; (ii) continuously explore the renovation and hosting operation business in the high energy-consuming fields of construction; (iii) leverage the AI operation and maintenance cloud platform to realize the whole process of independent design, supply and installation services based on the original overall energy management business to further increase our market share.

Develop intelligent community and upgrade information technology systems

For intelligent community, we have initially completed the followings: (i) completed the overall launch of green housekeeper app, and comprehensively upgraded the business system and customer system, seamlessly connecting the management end, business end, and customer end and improving the service and management efficiency; (ii) introduced smart devices, completed the activation of intelligent car parks and smart access control in some communities, and improved the access experience; (iii) completed the construction of Weihai smart city service digital twin platform and integrated the property service and digital twin technology to realize service innovation. In the future, we will combine 5G and IoT technology to continue to promote the implementation of intelligent communities by introducing more smart devices and covering more community service scenarios. We will actively cooperate with excellent suppliers to form a community membership operation system through the community operation system, while providing property owners with a high-quality and convenient community shopping experience. We will continue to explore the application of intelligent communities in the meta-universe in terms of planning and construction, operation and maintenance and other aspects, so that customers can benefit from a more comfortable technological experience.

Continue to research and develop green technologies for commercialisation

The introduction of the national dual-carbon strategy gives rise to important development opportunities for green technologies. We will keep an eye on this national strategy and continue to research and develop technology systems which help to create comfortable and green residential communities, as well as healthy technological housing products that can achieve high comfort and low energy consumption. We will continue to refine our AIRDINO systems, improve their performances continuously to meet the needs of customers. We will enhance energy saving efficiency by studying green technologies, including, among others, the cross-seasonal energy storage capabilities in connection with ground-source heat pump systems and the unattended technologies in the energy machine room. Through exploring the use of IoT, big data and AI technologies, the efficient operation of energy stations can be realized. Meanwhile, we will build and develop intelligent systems, such as developing intelligent home platform, improving the control systems of our AIRDINO products and upgrading energy automatic control systems.

Attract and nurture talent and build a learning organization

We believe that long-term sustainable development of our employees is an important factor to the long-term growth of the Group's performance. We implemented the "Talented Apprentice" (匠才生) recruitment and training scheme to recruit fresh graduates with bachelor's degree and above, so as to provide enterprises with long-term core talent pools, the "Talented Leaders Scheme" (將才計劃) to hunt for and bring in mature business and management talents from external source, the "Starlight Training Scheme" (星光培訓計劃) to guarantee the provision of systematic training for the promotion of internal staff, and the "Star Rating Scheme" (星級評定計劃) to attract external talents and retain internal outstanding employees by constructing a differentiated salary system. We also initiated the "Feng He Scheme" (風禾計劃) to attach importance to the self-improvement of senior managements and executives, build a learning organization, and lay a solid foundation for the management, so as to maintain a rapid and healthy development for our Company.

Looking forward, we will continue to focus on promoting comfortable living through technological innovations and strive to provide our customers with digitally connected, green and healthy living experiences. We will seize the opportunities, continuously solidity comprehensive competitiveness and move forward in accordance with our established strategies to achieve rapid development with confidence and determination.

APPRECIATION

The Board would like to express its sincere gratitude to the Shareholders, customers and suppliers of the Company for their continued support and trust. The Board would also like to thank all the employees and management team for implementing our Group's strategies with their professionalism, integrity and dedication.

Zhang Peng
Chairman
28 April 2022

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

We provide property management services that promote comfortable living through technological innovation and green living solutions that cover the full property life-cycle. While catering to all stages of the property life cycle, we strive to provide customers with digitally connected, green and healthy living experiences in residential and non-residential properties. As of 31 December 2021, we had contracted to provide property management services in 103 cities across 25 provinces and municipalities in China.

We witnessed both opportunities and challenges in the year ended 31 December 2021. Revenue increased by approximately 44.4% from RMB775.4 million (restated) for the year ended 31 December 2020 to RMB1,119.9 million for the year ended 31 December 2021 primarily due to the increase in our GFA under management by approximately 172.9% from 19.1 million sq.m. as of 31 December 2020 to 52.1 million sq.m. as of 31 December 2021.

Our profit for the year decreased by approximately 66.3% from RMB99.6 million (restated) for the year ended 31 December 2020 to RMB33.6 million for the year ended 31 December 2021 primarily because the Group recognized significant expected credit loss allowances for certain receivables due from customers from real estate sector in view of the general downturn of the real estate market in the PRC in the second half of 2021.

REVENUE

We generate revenue primarily through our three business lines, namely (i) property management services, (ii) green living solutions and (iii) value-added services. Our revenue increased by 44.4% from RMB775.4 million (restated) for the year ended 31 December 2020 to RMB1,119.9 million for the year ended 31 December 2021.

Property Management Services

Our property management services consist of cleaning, security, gardening and repair and maintenance services provided to property developers, property owners and residents. Revenue from our property management services increased by approximately 90.0% from RMB321.6 million for the year ended 31 December 2020 to RMB611.1 million for the year ended 31 December 2021. This increase was primarily attributable to the increase in our GFA under management of approximately 172.9% from 19.1 million sq.m. as of 31 December 2020 to 52.1 million sq.m. as of 31 December 2021, mainly resulting from the significant increase in the number of property management projects sourced from third parties, from 52 as of 31 December 2020 to 383 as of 31 December 2021, mainly due to (i) our acquisitions of Dalian Yahang and Qingdao Luohang in 2021 and (ii) increase in our independent business development efforts.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's type of properties under management became more diverse and its business portfolio was further optimized. The following table sets forth a breakdown of our total number of contracted property management projects, projects under management, our contracted GFA and GFA under management by property type as of the dates indicated or for the periods indicated:

	As of or for the year ended 31 December											
	2021						2020					
	No. of contracted projects	Contracted GFA		No. of projects under management	GFA under management		No. of contracted projects	Contracted GFA		No. of projects under management	GFA under management	
		sq.m.'000	%		sq.m.'000	%		sq.m.'000	%		sq.m.'000	%
Residential properties	245	49,087	66.3	162	27,917	53.6	204	35,159	94.4	109	17,603	92.3
Public properties	105	7,229	9.8	104	6,962	13.4	10	1,084	2.9	9	950	5.0
Commercial and other properties	189	17,706	23.9	185	17,179	33.0	18	1,011	2.7	13	525	2.8
Total	539	74,022	100.0	451	52,058	100.0	232	37,254	100.0	131	19,078	100.0

The table below sets forth a breakdown of our total number of property management projects under management and GFA under management as of the dates indicated or for the periods indicated, by project source:

	As of or for the year ended 31 December					
	2021			2020		
	No. of projects under management	GFA under management		No. of projects under management	GFA under management	
		'000 sq.m.	%		'000 sq.m.	%
Modern Land Group	63	13,841	26.6	72	10,651	55.8
Other associates of our controlling Shareholders[(1)]	5	386	0.7	7	1,230	6.4
Third parties	383	37,831	72.7	52	7,197	37.8
Total	451	52,058	100.0	131	19,078	100.0

Note:

(1) Includes projects sourced from other associates of our controlling Shareholders (as defined under the Listing Rules (excluding Modern Land Group), namely Modern Investment Group Co., Ltd. and Super Land Holdings Limited and each of their respective subsidiaries and 30%-controlled companies (as defined under the Listing Rules).

We were also able to increase our contracted GFA sourced from third parties at high speed. The table below sets forth a breakdown of the number of our contracted projects, contracted GFA and undelivered GFA as of the dates indicated and for the periods indicated, by project source:

	As of or for the year ended 31 December									
	2021					2020				
	No. of contracted projects	Contracted GFA		Undelivered GFA		No. of contracted projects	Contracted GFA		Undelivered GFA	
		sq.m.'000	*%*	*sq.m.'000*	*%*		*sq.m.'000*	*%*	*sq.m.'000*	*%*
Modern Land Group	94	23,263	31.4	9,422	42.9	108	17,685	47.5	7,034	38.7
Other associates of our controlling Shareholders	14	3,439	4.6	3,053	13.9	21	3,827	10.3	2,597	14.3
Third parties	431	47,320	63.9	9,488	43.2	103	15,742	42.2	8,545	47.0
Total	539	74,022	100.0	21,963	100.0	232	37,254	100.0	18,176	100.0

Green Living Solutions

We provide green living solutions to property developers, property owners and residents, comprising (i) energy operation services, where we operate energy stations to provide central heating and cooling as an alternative to government-operated centralized heating systems; (ii) green technology consulting and systems installation services, where we design and install energy systems and energy stations to enhance indoor comfort; and (iii) sales of our self-developed AIRDINO systems, which singly combine fresh air ventilation, air conditioning, purification and humidification control capabilities and offer an efficient alternative to the purchase and installation of multiple devices.

The following table sets forth our revenue from green living solutions by service category for the periods indicated:

	Year ended 31 December			
	2021		2020	
	RMB'000	*%*	*RMB'000*	*%*
Energy operation services	115,276	58.8	101,918	52.7
Systems installation services	54,182	27.7	50,361	26.0
Green technology consulting services	9,801	5.0	27,725	14.3
Sales of AIRDINO systems	16,656	8.5	13,467	7.0
Total	195,915	100.0	193,471	100.0

Revenue generated from our green living solutions increased by approximately 1.2% from RMB193.5 million for the year ended 31 December 2020 to RMB195.9 million for the year ended 31 December 2021. Such increase was primarily attributable to (i) the increase in revenue from energy operation services of 13.1% as a result of the increase in GFA under management in 2021 and (ii) the increase in revenue from system installation services and sales of AIRDINO systems of 7.6% and 23.7%, respectively, as the existing projects were less affected by market conditions considering their relatively long service periods. The above increase was partially offset by the decrease in revenue from green technology consulting services of 64.6% due to the general downturn of the real estate market in the PRC in the second half of 2021.

Value-Added Services

We primarily provide five types of value-added services to non-property owners, property owners and residents, namely (i) sales assistance services, (ii) parking space management services, (iii) home living services, (iv) communal area leasing services, and (v) preliminary planning and design consultancy services.

The following table sets forth our revenue from value-added services by service type for the periods indicated:

	Year ended 31 December			
	2021		2020	
	RMB'000	%	*RMB'000* (Restated)	%
Value-added services to non-property owners				
Sales assistance services	**138,777**	**44.4**	135,214	52.0
Preliminary planning and design consultancy services	**14,428**	**4.6**	4,163	1.6
Subtotal	**153,205**	**49.0**	139,377	53.6
Community value-added services				
Parking space management services	**63,141**	**20.1**	49,782	19.1
Home living services	**81,549**	**26.1**	60,981	23.4
Communal area leasing services	**14,983**	**4.8**	10,106	3.9
Subtotal	**159,673**	**51.0**	120,869	46.4
Total	**312,878**	**100.0**	260,246	100.0

Revenue generated from our value-added services increased by approximately 20.2% from RMB260.2 million (restated) for the year ended 31 December 2020 to RMB312.9 million for the year ended 31 December 2021. This increase was primarily due to the increase in GFA under management.

COST OF SALES

Our cost of sales increased by approximately 54.5% from RMB507.9 million (restated) for the year ended 31 December 2020 to RMB784.5 million for the same period in 2021. This increase was primarily in line with our business expansion.

GROSS PROFIT AND GROSS PROFIT MARGIN

As a result of the foregoing, our gross profit increased by approximately 25.4% from RMB267.5 million (restated) for the year ended 31 December 2020 to RMB335.4 million for the same period in 2021.

Our gross profit margin decreased from 34.5% for the year ended 31 December 2020 to 29.9% for the same period in 2021.

Our gross profit margin of our property management services decreased from 27.0% for the year ended 31 December 2020 to 23.8% for the same period in 2021. Such decrease was primarily attributable to our acquisitions of Dalian Yahang and Qingdao Luohang, which resulted in the increase in the number of our property management projects for public properties which have relatively lower gross profit margins compared with our property management projects for other types of properties.

Our gross profit margin of our green living solutions decreased from 33.8% for the year ended 31 December 2020 to 29.1% for the same period in 2021, which was primarily due to (i) a decrease in gross profit margin of energy operation services as a result of higher raw material prices and longer heating period and (ii) a decrease in revenue contribution from green technology consulting services, which have a relatively higher gross profit margin compared with our other service lines, attributable to the general downturn of the real estate market in the PRC in the second half of 2021.

Our gross profit margin of our value-added services decreased from 44.3% (restated) for the year ended 31 December 2020 to 42.5% for the same period in 2021, which was primarily due to the decrease in gross profit margin of sales assistance services as a result of the general downturn of the real estate market in the PRC in the second half of 2021.

OTHER NET INCOME

Our other net income decreased by approximately 14.9% from RMB26.8 million (restated) for the year ended 31 December 2020 to RMB22.8 million for the year ended 31 December 2021. This decrease was primarily attributable to (i) a decrease in interest income of RMB1.3 million due to reduced cash balance resulting from acquisitions of Dalian Yahang and Qingdao Luohang, (ii) a decrease in net realised gain on financial assets measured at fair value through profit or loss of RMB1.1 million, and (iii) fair value loss of contingent consideration relating to acquisitions of RMB1.1 million.

SELLING EXPENSES

Our selling expenses increased by approximately 89.6% from RMB9.6 million (restated) for the year ended 31 December 2020 to RMB18.2 million for the year ended 31 December 2021, in line with our business expansion.

ADMINISTRATIVE EXPENSES

Our administrative expenses increased by approximately 22.8% from RMB151.9 million (restated) for the year ended 31 December 2020 to RMB186.5 million for the year ended 31 December 2021, primarily attributable to (i) our business expansion and (ii) an increase in staff costs following our acquisitions of Dalian Yahang and Qingdao Luohang.

EXPECTED CREDIT LOSS ON TRADE RECEIVABLES AND CONTRACT ASSETS

Our expected credit loss on trade receivables and contract assets increased significantly by approximately 1,008.8% from RMB10.2 million (restated) for the year ended 31 December 2020 to RMB113.1 million for the year ended 31 December 2021. This increase was primarily due to the recognition of the expected credit loss allowances for certain receivables due from customers from real estate sector as a result of the general downturn of the real estate market in the PRC in the second half of 2021.

INCOME TAX

Our income tax decreased by approximately 74.2% from RMB22.1 million (restated) for the year ended 31 December 2020 to RMB5.7 million for the year ended 31 December 2021. This decrease was primarily attributable to the decrease in our profit before tax as a result of the significant increase in expected credit loss on trade receivables and contract assets.

PROFIT FOR THE YEAR

As a result of the foregoing, our profit for the year decreased by 66.3% from RMB99.6 million (restated) for the year ended 31 December 2020 to RMB33.6 million for the year ended 31 December 2021.

TRADE AND OTHER RECEIVABLES

As of 31 December 2021, trade and other receivables amounted to RMB425.0 million, representing an increase of 38.3% as compared with RMB307.2 million in 2020 (restated), primarily due to business expansion and increase of revenue.

TRADE AND OTHER PAYABLES

As of 31 December 2021, trade and other payables amounted to RMB323.7 million, representing an increase of 26.1% as compared with RMB256.7 million (restated) in 2020, primarily due to (i) our business expansion and (ii) the improvement of our supply chain management in respect of supplier selection and approval of payments in pursuit of more flexible credit terms.

GOODWILL

As of 31 December 2021, our goodwill amounted to RMB181.7 million, primarily attributable to the synergies and expected efficiencies from integrating the companies (including Dalian Yahang and Qingdao Luohang) into Group's existing property management business which is expected to help the Group become a more efficient and effective competitor in China.

CONTINGENT CONSIDERATION

As of 31 December 2021, the Group had contingent consideration totaling RMB39.5 million which may arise from the performance undertaking provisions of acquisitions of Dalian Yahang and Qingdao Luohang. For details, please refer to the announcements of the Company dated 10 March 2021 and 30 March 2021.

CAPITAL STRUCTURE

Our total assets increased from RMB1,213.8 million (restated) as of 31 December 2020 to RMB1,357.9 million as of 31 December 2021. Our total liabilities increased from RMB540.3 million (restated) as of 31 December 2020 to RMB684.4 million as of 31 December 2021. Liabilities-to-assets ratio increased from 44.5% as of 31 December 2020 to 50.4% as of 31 December 2021.

The current ratio, being current assets divided by current liabilities as of the respective date, decreased from 2.15 as of 31 December 2020 to 1.67 as of 31 December 2021.

LIQUIDITY, CAPITAL RESOURCES AND GEARING

For the year ended 31 December 2021, we financed our operations primarily through internal resources, bank borrowings and the proceeds from the Global Offering. We mainly utilized our cash on payments on staff costs, purchases for services and materials and other working capital needs. Our cash and cash equivalents decreased by 32.5% from RMB734.0 million (restated) as of 31 December 2020 to RMB495.8 million as of 31 December 2021, primarily attributable to cash used in acquisitions of Dalian Yahang and Qingdao Luohang.

Our gearing ratio, being total interest-bearing borrowings divided by total equity, increased from nil as of 31 December 2020 to 3.0% as of 31 December 2021, primarily due to the newly obtained short-term borrowings in 2021.

CAPITAL EXPENDITURES

Our capital expenditure increased by 126.3% from RMB3.8 million (restated) for the year ended 31 December 2020 to RMB8.6 million for the same period in 2021. Our capital expenditure was used primarily for the purchase of office and other equipment and software. We financed our capital expenditure primarily through our cash flow generated from operating activities.

INDEBTEDNESS

Bank Loans

As of 31 December 2021, all of our bank loans of RMB20.5 million (as of 31 December 2020: nil) were repayable within one year or on demand and were guaranteed.

As of 31 December 2021, banking facilities of the Group totaling RMB24.0 million (as of 31 December 2020: nil) were utilized to the extent of RMB20.5 million (as of 31 December 2020: nil).

CONTINGENT LIABILITIES

As of 31 December 2021, we did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of our Group that were likely to have a material and adverse effect on our business, financial condition or results of operations.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK6.77 cents per Share for the year ended 31 December 2021, being HK$67.7 million in aggregate (for the year ended 31 December 2020: HK3.97 cents per Share, being HK$39.7 million in aggregate). Subject to the approval of Shareholders at the AGM, the final dividend is expected to be paid on Tuesday, 12 July 2022 to the Shareholders whose names appear on the register of members of the Company on Wednesday, 29 June 2022.

PLEDGE OF ASSETS

As of 31 December 2021, the Group did not have any pledge on its assets.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

As disclosed in the announcement of the Company dated 3 January 2022, the possible unconditional mandatory cash offer by Somerley Capital Limited for and on behalf of Sunac Services Investment III Limited to acquire all the issued Shares (other than those already owned by or agreed to be acquired by Sunac Services Investment III Limited and parties acting in concert with it (except Mr. Zhang Lei, Mr. Zhang Peng, Glorious Group and Hao Fung)) was lapsed as certain conditions precedent set out in the CS Share Transfer Framework Agreement (as defined in the announcement of the Company dated 3 January 2022) (the "**Agreement**") have not been satisfied on or before 31 December 2021. The Agreement was automatically terminated on 31 December 2021, and the Management Share Transfer Agreement (as defined in the announcement of the Company dated 3 January 2022) and CDH Share Transfer Agreement (as defined in the announcement of the Company dated 3 January 2022) were terminated accordingly. For details, please refer to the announcement of the Company dated 3 January 2022.

In January 2022, a subsidiary of the Group entered into a sale and purchase agreement with a third party to dispose of a 20-year energy operating right at zero consideration to cut losses as the relevant energy operation project was loss-making. The said 20-year energy operating right was acquired by the Group in July 2021 at a consideration of RMB12.5 million as disclosed in the interim report of the Group for the six months ended 30 June 2021. The disposal has been completed in January 2022.

Except as disclosed in this report, there are no material events subsequent to 31 December 2021 which could have a material impact on our operating and financial performance as of the date of this report.

FOREIGN EXCHANGE RISK AND HEDGING

The Group mainly operates in mainland China with most of the transactions denominated and settled in RMB. The Group has not hedged its foreign currency exchange risks, but will closely monitor the exposure and will take measures when necessary to make sure the foreign exchange risks are manageable.

MATERIAL ACQUISITIONS AND FUTURE PLANS FOR MAJOR INVESTMENT

On 10 March 2021, First Property, an indirect wholly-owned subsidiary of the Company, Dalian Yahang, Mr. Bai Ding, Dalian Chunhui Enterprise Management Service Centre and Beijing Tonghe Property Management Co., Ltd. entered into an equity transfer agreement, pursuant to which First Property has agreed to acquire 80% equity interest in Dalian Yahang at a total consideration of RMB93,200,160. For details, please refer to the announcement of the Company dated 10 March 2021.

On 30 March 2021, First Property, Shanghai Lijin Architect Design Firm and Shanghai Luomiao Architectural Engineering Design Center, Weihai Shangcheng Information Consultancy Co., Ltd., Ms. Wang Zhilan, Qingdao Luohang, Shandong Shangcheng Property Services Co., Ltd., Qingdao Shangcheng Property Services Co., Ltd. and Liaocheng Shangcheng Property Services Co., Ltd. entered into the equity transfer agreements, pursuant to which First Property has agreed to acquire 100% equity interest in Qingdao Luohang at a total consideration of RMB135,800,000. For details, please refer to the announcement of the Company dated 30 March 2021.

Save as disclosed above, the Group did not have any other material acquisition and disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2021. In addition, save for the expansion plans as disclosed in the sections headed "Business" and "Future Plans and Use of Proceeds" in the Prospectus, the Group has no specific plan for major investment or acquisition for major capital assets or other businesses. However, the Group will continue to identify new opportunities for business development.

ANNUAL GENERAL MEETING

The AGM of the Company will be held on Tuesday, 21 June 2022. A notice convening the AGM will be published and dispatched to the Shareholders in the manner required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement of the Shareholders to attend the AGM, the register of members of the Company will be closed from Thursday, 16 June 2022 to Tuesday, 21 June 2022 (both days inclusive). To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 54th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 15 June 2022.

For determining the entitlement of the Shareholders to receive the final dividend, the register of members of the Company will also be closed from Monday, 27 June 2022 to Wednesday, 29 June 2022 (both days inclusive). To be eligible to receive the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 54th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 24 June 2022.

COMPANY INFORMATION

The Company was incorporated in the Cayman Islands on 20 January 2020 as an exempted company with limited liability, and the Shares of which were listed on the Main Board of the Stock Exchange on 22 October 2020.

EMPLOYEES

As of 31 December 2021, we had a total of 3,618 employees, all of whom were based in China.

Our success depends on our ability to attract, retain and motivate qualified personnel. The remuneration package for our employees generally includes salary and discretionary bonuses. We determine employee remuneration based on factors such as qualifications and years of experience. Employees also receive welfare benefits, including medical care, retirement benefits, occupational injury insurance and other miscellaneous items. We make contributions to mandatory social security funds for our employees to provide for retirement, medical, work-related injury, maternity and unemployment benefits.

We believe that long-term sustainable development of our employees is an important factor to the long-term growth of the Group's performance. We implemented the "Talented Apprentice" (匠才生) recruitment and training scheme to recruit fresh graduates with bachelor's degree and above, so as to provide the Company with long-term core talent pools, the "Talented Leaders Scheme" (將才計劃) to hunt for and bring in mature business and management talents from external source, the "Starlight Training Scheme" (星光培訓計劃) to guarantee the provision of systematic training for the promotion of internal staff, and the "Star Rating Scheme" (星級評定計劃) to attract external talents and retain internal outstanding employees by constructing a differentiated salary system. We also initiated the "Feng He Scheme" (風禾計劃) to attach importance to the self-improvement of senior managements and executives of the Company and lay a solid foundation for the management of the Company, so as to maintain a rapid and healthy development for our Company.

USE OF PROCEEDS

The Company was listed on the Stock Exchange on 22 October 2020. The net proceeds from the Global Offering amounted to approximately HK$571.2 million, which are intended to be applied in compliance with the intended use of proceeds as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

The following table sets forth the status of the use of net proceeds from the Global Offering[1]:

Intended use of proceeds	Percentage of intended use of proceeds (%)	Intended use of proceeds from the Global Offering	Amount of used proceeds as of 31 December 2021 (In HK$ millions)	Amount of unused proceeds balance as of 31 December 2021	Timeframe for the unused balance
Strategic acquisitions or investments in property management companies	**50.0**	**285.6**	**198.0**	**87.6**	**By the end of 2023**
Invest in energy operation projects and obtain energy operation rights	**20.0**	**114.2**	**–**	**114.2**	**By the end of 2023**
Research and develop green technologies	**5.0**	**28.6**	**–**	**28.6**	**By the end of 2023**
Upgrade AIRDINO No. 1 and No. 2	1.0	5.7	–	5.7	By the end of 2023
Upgrade AIRDINO No. 3	2.0	11.4	–	11.4	By the end of 2023
Research cross-seasonal energy storage capabilities in connection with ground-source heat pump systems	0.75	4.3	–	4.3	By the end of 2023
Research automated means of operating energy stations through IoT systems, big data and AI technologies	1.25	7.1	–	7.1	By the end of 2023
Develop our intelligent community and enhance our Information technology systems	**10.0**	**57.1**	**–**	**57.1**	**By the end of 2023**
Upgrade our internal systems	2.8	16.0	–	16.0	By the end of 2023
Develop our intelligent community	7.2	41.1	–	41.1	By the end of 2023
Attracting and nurturing talent	**5.0**	**28.6**	**–**	**28.6**	–
Expand hiring and recruitment initiatives under our "Talented Leaders Scheme" (將才計劃) and "Talented Apprentice Scheme" (匠才生計劃)	4.175	23.8	–	23.8	–
Supplement our existing training programs	0.825	4.7	–	4.7	–
General business operations and working capital	**10.0**	**57.1**	**5.2**	**51.9**	–
Total	**100.0**	**571.2**	**203.2**	**368.0**	**By the end of 2023**

Notes:

1. The figures in the table are approximate figures.

2. To the extent that the net proceeds from the Global Offering are not immediately required for the above purposes or if we are unable to put into effect any part of our plans as intended, we may hold such funds in short-term deposits or money market instruments so long as it is deemed to be in the best interests of the Company. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

EFFECTS OF THE RESURGENCE OF COVID-19

Since the outbreak of COVID-19 in 2020, our management has not only closely monitored the effects on operational and financial performance of our Group as a result of COVID-19, but also proactively implemented various measures in our property management projects and devoted sufficient resources to prevent transmission of or mitigate exposure to the disease including, among others, setting up control points for temperature screening and COVID-19 testing points to assist governments in management of COVID-19, regularly cleaning and disinfecting common areas, waste disposal units, elevators and ventilator systems in our properties under management, placing hand sanitizers and disposable gloves in public areas and increasing the supply of suitable protective gear for our staff. In 2021, we did not encounter material disruptions to our business operations and supply chain, nor terminations of our property management contracts and green living solutions engagements due to negative impacts of COVID-19. We also did not experience significant labor shortages. As at the date of this report, COVID-19 does not have a material adverse impact on the financial position and operating result of the Group.

SHARE OPTION SCHEME

A Share Option Scheme was conditionally approved and adopted by our Shareholders on 25 September 2020 and its implementation is conditional on the Listing. The purpose of the Share Option Scheme is to provide our Company with a means of incentivizing any director or employee of our Group who has contributed or will contribute to our Group and retaining employees, and to encourage employees to work towards enhancing the value of our Company and promote the long-term growth of our Company. The Share Option Scheme will link the value of the Company with the interests of the participants, enabling the participants and the Company to develop together and promote the Company's corporate culture.

Subject to earlier termination by our Company in general meeting or by our Board, the Share Option Scheme shall be valid and effective for a period of ten years commencing on 25 September 2020. As of 31 December 2021, no options had been granted or agreed to be granted, and thus no options had been exercised, cancelled or lapsed under the Share Option Scheme. As a result, the total number of Shares available for grant under the Share Option Scheme was 100,000,000, representing 10% of the total number of Shares in issue of the Company as of 22 October 2020, the date on which the Company's Shares were listed on the Stock Exchange.

SHARE AWARD SCHEME

The Company adopted the Share Award Scheme on 10 May 2021 to recognise the contributions by certain Eligible Participants (as defined in the announcement of the Company dated 10 May 2021) and to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

The Share Award Scheme shall be valid and effective for a term of ten years commencing on 10 May 2021. The Board shall not make any further award of such number of shares as awarded by the Board to a Selected Participant (as defined in the announcement of the Company dated 10 May 2021) which will result in the nominal value of the shares awarded by the Board under the Share Award Scheme being equal to or greater than 10% of the issued share capital of the Company from time to time. The maximum number of Shares which may be awarded to a Selected Participant under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time. As of 31 December 2021, there were 8,900,000 Shares held in trust by the trustee under the Share Award Scheme.

On 29 July 2021, the Company was informed that Cedar Group, one of the controlling Shareholders of the Company, adopted a share award scheme (the "**Cedar Share Award Scheme**") for eligible persons in order to retain them for the continuous operation and development of the Group, and to attract suitable personnel for further development of the Group. The award shares will be satisfied by the existing Shares beneficially owned by Cedar Group and no new Share will be issued by the Company as a result of the grant of award shares under the Cedar Share Award Scheme. As of 31 December 2021, a total of 63,782,250 Shares, representing all Shares held by Cedar Group before the adoption of the Cedar Share Award Scheme which were available for granting, have been granted and vested. Cedar Group no longer held any Share as of the date of this report.

ROUNDING

Certain amounts and percentage figures included in this report have been subject to rounding adjustments. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

OUR DIRECTORS

Executive Directors

Mr. Liu Peiqing (劉培慶), aged 39, is our executive Director, co-chief executive officer and general manager. He was appointed as our Director, co-chief executive officer and general manager on 20 January 2020 and redesignated as our executive Director on 19 May 2020. Mr. Liu is primarily responsible for formulating and implementing the strategic business goals of our Group and overseeing the daily management and overall operation of the property management business of our Group.

Mr. Liu has more than 16 years of experience in the property management industry. Prior to joining our Group, from October 2005 to June 2010, Mr. Liu served as a project manager of GSN (Shanghai) Property Services Co., Ltd. (皆斯內(上海)物業管理服務有限公司), a company primarily engaged in providing property management services in China. During that time, Mr. Liu was mainly responsible for the daily management and operation of property management projects. Mr. Liu joined First Property on 1 June 2010 and served as a project manager and deputy general manager until 7 January 2015, where he was responsible for property project management. From 8 January 2015, Mr. Liu has served as the general manager of First Property, where he is responsible for the daily operation and management of First Property. Mr. Liu has also served as the executive director of First Property since 19 December 2015, where he is responsible for formulating and implementing the strategic business goals of First Property and overseeing the daily management and overall operation of First Property. From 16 July 2015 to 30 April 2020, Mr. Liu served as an executive director of First Assets, where he was responsible for formulating and implementing the strategic business goals and the daily operation and management of First Assets. Mr. Liu also holds directorships and other positions in a number of other subsidiaries of our Company and certain substantial Shareholders of our Company.

Mr. Liu completed a vocational course in guesthouse services at Weifang No. 1 Vocational Secondary Professional School (濰坊第一職業中等專業學校) in June 1999 in the PRC. Mr. Liu is currently the executive chairman of the Beijing Real Estate Agents Alliance Property Management Committee (北京市房地產經理人聯盟物業管理委員會) and the deputy chairman of the China Real Estate Agents Alliance Property Management Committee (中經聯盟物業管理專委會). He has also been an executive council member of the China Real Estate Agents Alliance (中經聯盟) since December 2018, and a council member of the China Property Management Institute (中國物業管理協會) since June 2019. Mr. Liu served as a visiting professor in the College of Biochemical Engineering of Beijing Union University (北京聯合大學生物化學工程學院) from March 2016 to March 2021.

Mr. Jia Yan (賈岩), aged 48, is our executive Director and co-chief executive officer. He was appointed as our Director and co-chief executive officer on 20 January 2020 and redesignated as our executive Director on 19 May 2020. Mr. Jia is primarily responsible for planning and executing major decisions of our Group and overseeing the management and daily operation of the green living solutions business of our Group.

Mr. Jia has had more than 25 years of experience in engineering, construction, energy and real estate industries. The following table shows the relevant experience of Mr. Jia:

Time	Name of employer	Position(s)	Principal business activities of employer	Roles and responsibilities
July 1997 – August 2001	Tianjin Light Industry Design Institute (天津市輕工業設計院)	Assistant engineer	Engineering consulting, management and design	Heating and ventilation engineering design
August 2001 – May 2005	Beijing Zhubang Architecture Design Engineering Co., Ltd. (北京築邦建築裝飾工程有限公司)	Engineer	Engineering construction, management and design	Engineering design
December 2005 – November 2008	Financial Street Holdings Co., Ltd. (金融街控股股份有限公司)	Designer	Construction and development for large commercial office premises	Engineering design
March 2010 – July 2013	Modern Energy Saving Real Estate Co., Ltd. (當代節能置業股份有限公司)	Department manager	Property development	Green construction technology management and mechanical and electrical engineering design management
July 2013 – March 2014	Goldway Construction Group Co., Ltd (金威建設集團有限公司)	Deputy chief engineer	Property development and management	Innovative technology research and development
March 2014 – December 2014	New Momentum (Beijing) Construction Technology Co., Ltd (新動力(北京)建築科技有限公司)	General Manager	Technology promotion services and professional contracting	Technology innovation and electromechanical system management

Mr. Jia served as deputy manager of First Living from 3 December 2014 to 24 May 2017, where he was responsible for managing the operation of First Living. He has served as the general manager and director of First Living since 25 May 2017, where he has been responsible for planning and executing major decisions and overseeing the management and daily operation of First Living. Mr. Jia also holds directorships and other positions in a number of other subsidiaries of our Company.

Mr. Jia obtained his undergraduate degree in heating, ventilation and air conditioning engineering from the University of Tianjin (天津大學) in June 1997 in the PRC. Mr. Jia obtained the qualification level of senior engineer (高級工程師) specializing in heating, ventilation and air conditioning from the Evaluation Committee of Senior Professional and Technical Positions of the MOHURD (建設部高級專業技術職務評審委員會) on 29 October 2007. Mr. Jia was the vice chairman of the China Construction Energy Saving Association Passive Ultra-low Energy Consumption Green Building Innovation Alliance (中國建築節能協會被動式超低能耗綠色建築創新聯盟) until 31 December 2017. On 1 September 2017, he was appointed as a member of the Technology Committee of China Industry Technology Innovation Strategic Alliance for Healthy Building (健康建築產業技術創新戰略聯盟技術委員會), and on 3 April 2019, Mr. Jia was elected as a council member of the China Architecture Society Active Construction Academic Committee (中國建築學會主動式建築學術委員會). He was also elected on 20 May 2019 as deputy secretary of the Settlement Committee of China Real Estate Association (中國房地產業協會人居環境委員會).

Mr. Jin Chungang (金純剛), aged 44, is our executive Director and deputy general manager. He was appointed as our Director and deputy general manager on 20 January 2020 and redesignated as our executive Director on 19 May 2020, where he is responsible for assisting the general manager in implementing the strategic business goals of our Group and regional market expansion, and supervising the overall regional operation.

Mr. Jin has had more than 16 years of experience in the property management business. Prior to joining our Group, from September 2006 to February 2009, Mr. Jin served as a manager of the order maintenance department of Beijing Luneng Property Service Co., Ltd. (北京魯能物業服務有限責任公司), a company primarily engaged in property management services. During that time, Mr. Jin was responsible for maintaining the operation and discipline of the company. From 17 February 2009 to 7 January 2015, Mr. Jin served as the project manager of First Property, where he was responsible for operating and managing property management projects and business development of First Property. From 8 January 2015, Mr. Jin has served as the deputy general manager of First Property, where he is responsible for assisting the general manager in the daily management of First Property. From 7 August 2016, Mr. Jin has also served as an executive director of First Property, where he is responsible for formulating and executing the strategic business goals of First Property. Mr. Jin also holds directorships and other positions in a number of other subsidiaries of our Company.

Mr. Jin graduated from Party School of Liaoning Provincial Party Committee (中共遼寧省委黨校) majoring in economic management through distance learning by way of correspondence education in December 2004 in the PRC.

Ms. Zhu Li (朱莉), aged 44, is our executive Director and chief financial officer. She was appointed as our Director and chief financial officer on 20 January 2020 and redesignated as our executive Director on 19 May 2020, where she is responsible for overseeing the financial operations and tax planning of our Group.

Ms. Zhu has had more than 14 years of experience of handling financial matters for companies. She joined First Property on 26 March 2008 and served as a financial manager until 20 August 2019, where she was responsible for managing the financial operations and preparing and executing the financial budget plans of First Property. From 21 August 2019 to 24 December 2019, Ms. Zhu served as an executive director and a general manager of finance of First Assets, where she was primarily responsible for strategic planning and financial management of First Assets. From 25 December 2019 to 30 April 2020, Ms. Zhu served as a non-executive director of First Assets, where she was responsible for the strategic planning of First Assets. From 25 December 2019, she has served as the chief financial officer and executive director of First Property, where she is responsible for the overall financial management and strategic planning of First Property.

From 8 October 2019 to 18 December 2019, Ms. Zhu served as a non-executive director of First MOMA Sports Culture Development (Beijing) Co., Ltd (第一摩碼體育文化發展(北京)股份有限公司) (stock code: 872128), a company primarily engaged in preschool education services and fitness services, and Bigger Eco Technology (Xi'an) Co., Ltd (倍格創業生態科技(西安)股份有限公司) (stock code: 873162) from 10 October 2019 to 23 April 2020, a company primarily engaged in providing integrated solutions for office space for small and medium-sized enterprises, both of which are listed on the NEEQ, and where she was responsible for providing advice for the companies' strategy formulation.

Ms. Zhu graduated from Qinghai University (青海大學) via self-taught higher education examinations majoring in accounting in December 2005 in the PRC. She obtained Intermediate Qualification Level in Accounting (會計中級資格) from Beijing Human Resources and Social Security Bureau (北京市人力資源和社會保障局) on 27 October 2013 in the PRC. She is now a part-time graduate student at University of International Business and Economics (對外經濟貿易大學) for certified management accountant qualification.

Non-executive Directors

Mr. Zhang Peng (張鵬), aged 47, is our non-executive Director and the chairman of our Board. He was appointed as our Director and the chairman of our Board on 20 January 2020 and redesignated as our non-executive Director on 19 May 2020. Mr. Zhang is primarily responsible for formulating and leading the overall development strategies and business plans of our Group.

Mr. Zhang has had more than 20 years of experience in the real estate and property development industry. Prior to joining our Group, Mr. Zhang served as the director of human resources, vice president and chief operating officer of Modern Land (China) Co., Limited (當代置業(中國)有限公司) (stock code: 1107), a company principally engaged in commercial and residential real estate property business and listed on the Stock Exchange, from November 2001 to 26 January 2014. From 27 January 2014, Mr. Zhang serves as the executive director and president of Modern Land (China) Co., Limited (當代置業(中國)有限公司), where he is responsible for the overall management and operation of the company. From 18 July 2007 to 18 December 2015, Mr. Zhang served as an executive director of First Property, where he was responsible for the overall management and operation of First Property, and has been the chairman of the board and non-executive director since 19 December 2015, where he is responsible for the significant decision-making of First Property. Mr. Zhang has been the chairman of the board and non-executive director of First Living since 31 March 2017, where he is responsible for the company's strategic planning. Mr. Zhang also served as the executive director and manager of First Assets from August 2009 to July 2021, where he is responsible for strategic decision-making and overall operation management of First Assets. Since 22 July 2021, Mr. Zhang has been serving as the chairman of the board and non-executive director of First Assets, where he is responsible for the company's strategic planning.

Mr. Zhang is the chairman of the board and non-executive director of First MOMA Sports Culture Development (Beijing) Co., Ltd (第一摩碼體育文化發展(北京)股份有限公司) (stock code: 872128) since 19 December 2016, a company primarily engaged in preschool education services and fitness services, and Bigger Eco Technology (Xi'an) Co., Ltd (倍格創業生態科技(西安)股份有限公司) (stock code: 873162) since 28 December 2017, a company primarily engaged in providing integrated solutions for office space for small and medium-sized enterprises, both of which are listed on the NEEQ, and where he is responsible for the strategic planning of the companies.

Mr. Zhang obtained his bachelor's degree in law from Northwest Second Nationalities College (西北第二民族學院) (now known as North Minzu University (北方民族大學)) in July 1997 in the PRC. Mr. Zhang served as the representative of the 16th People's Congress of Dongcheng District, Beijing (北京市東城區第十六屆人大代表), the honorary vice chairman of the eighth council of the China Real Estate Association (中國房地產業協會第八屆理事會), the chairman of the Settlement Committee of China Real Estate Association (中國房地產業協會人居環境委員會), the vice chairman of the China Real Estate Chamber of Commerce (全聯房地產商會), the vice chairman of the National Real Estate Agents Alliance (全經聯), the chairman of the Full Decoration Council of China Real Estate Chamber of Commerce (全聯房地產商會全裝修產業分會) and a rotating chairman of the City Renewal and Existing Building Remodeling Branch of China Real Estate Chamber of Commerce (全聯房地產商會城市更新和既有建築改造分會), the vice-chairman of the Digital City Council of China Real Estate Chamber of Commerce (全聯房地產商會數字城市分會), the honorary chairman of the Beijing Residential Property Industry Association (北京住宅房地產業商會) and distinguished professor of Xi'an University (西安文理學院). Mr. Zhang also served as the 12th rotating chairman of China Real Estate Agents Alliance (中經聯盟) from December 2018 to December 2019.

Mr. Long Han (龍晗), aged 34, was appointed as our Director on 20 January 2020 and redesignated as our non-executive Director on 19 May 2020. Mr. Long is primarily responsible for formulating and leading the overall development strategies and business plans of our Group.

Mr. Long has more than twelve years of experience in the property management industry. Mr. Long served as the director of information operations center and deputy general manager of First Property from 2 August 2010 to 30 September 2015, where he was responsible for building and implementing the information operations system and the daily management of First Property. Mr. Long has served as a deputy general manager of Beijing Lvjian Power Commerce Operations and Management Co., Ltd. (北京綠建動力商業運營管理有限公司) since 1 October 2015, a company principally engaged in professional contracting, enterprise management and equipment maintenance, where he is responsible for the daily operation and management and implementing management decisions of the company. Mr. Long has been appointed as the non-executive director of First Property since 19 December 2015, where he is responsible for guiding major strategies of First Property. Mr. Long has been appointed as an executive director of First Assets since 16 July 2015, where he is responsible for formulating and implementing the strategic business objectives of First Assets and the daily operation and management of First Assets. Mr. Long also holds directorships and other positions in a number of other subsidiaries of our Company.

Mr. Long is a non-executive director of First MOMA Sports Culture Development (Beijing) Co., Ltd (第一摩碼體育文化發展(北京)股份有限公司) (stock code: 872128) since 19 December 2016, a company primarily engaged in preschool education services and fitness services, and Bigger Eco Technology (Xi'an) Co., Ltd (倍格創業生態科技(西安)股份有限公司) (stock code: 873162) since 28 December 2017, a company primarily engaged in providing integrated solutions for office space for small and medium-sized enterprises, both of which are listed on the NEEQ, and where he is responsible for providing advice for the companies' strategy formulation. Mr. Long obtained his bachelor's degree in information management and information systems from Beijing Union University (北京聯合大學) in July 2010 in the PRC.

Independent Non-executive Directors

Mr. Cheng Peng (程鵬), aged 48, was appointed as our independent non-executive Director on 21 July 2020.

Mr. Cheng has over eleven years of experience in property management services field. He has been the deputy professor of the department of property management of the school of economic management of Beijing Forestry University (北京林業大學) since July 2011 and started to serve as head of the department from September 2012. From July 1998 to July 2009, he worked as a lecturer and then a deputy professor at the college of management science and information engineering of Jilin University of Finance and Economics (吉林財經大學). From July 2009 to July 2011, he conducted post-doctoral research in management science and engineering at the Graduate School of Chinese Academy of Sciences (中國科學院研究生院) (now known as University of Chinese Academy of Sciences (中國科學院大學)).

Mr. Cheng obtained his bachelor's degree in economic information management from Changchun College of Taxation (長春稅務學院) (now known as Jilin University of Finance and Economics (吉林財經大學)) in the PRC in July 1998. He obtained his master's degree in business administration from Jilin University (吉林大學) in the PRC in June 2005. He obtained his doctor's degree in management science and engineering from Jilin University (吉林大學) in the PRC in June 2009. Mr. Cheng has been a member of the Specialized Committee of Real Estate Market Services of the Science Technology Committee of MOHURD (住房和城鄉建設部科學技術委員會房地產市場服務專業委員會) since 17 September 2019. He has been the deputy secretary of the Chinese Association for Science of Science and S&T Policy (中國科學學與科技政策研究會) since 30 March 2018. He also currently serves as the vice chairman of the Specialized Committee of Industry-University-Research of China Property Management Institute (中國物業管理協會產學研專業委員會). Mr. Cheng has been serving as a member of the Specialized Committee of Community Construction of the Science Technology Committee of MOHURD (住房和城鄉建設部科學技術委員會社區建設專業委員會) Since 4 August 2020.

Ms. Sun Jing (孫靜), aged 44, was appointed as our independent non-executive Director on 21 July 2020.

Ms. Sun has over 21 years of experience in handling financial matters of companies. She is the co-founder of Beijing Mars Technology Co., Ltd. (北京瑪泰科技有限公司), a company primarily engaged in providing internet information and technology services, since 12 February 2019, where she is responsible for the financial management and operation and overseeing the investment and financing matters of the company. From July 2001 to October 2004, she worked at Great Wall Broadband Network Service Co., Ltd. (長城寬帶網路服務有限公司), a company primarily engaged in providing broadband services. From August 2005 to October 2007, she worked at SAP (Beijing) Software System Co., Ltd. (思愛普(北京)軟件系統有限公司), a company primarily engaged in providing software and technology solutions. From December 2007 to May 2012, she worked at Lenovo (Beijing) Co., Ltd. (聯想(北京)有限公司), a company primarily engaged in personal computer businesses. From September 2012 to April 2016, she worked at Beijing Lianjia Real Estate Agency Co., Ltd. (北京鏈家房地產經紀有限公司), a company primarily engaged in real estate agency businesses. From May 2016 to June 2017, she worked at Beijing Ziroom Life Enterprise Management Co., Ltd. (北京自如生活企業管理有限公司), a company primarily engaged in providing residential products and services.

Ms. Sun obtained her master's degree in accounting from Central University of Finance and Economics (中央財經大學) through distance learning by way of correspondence education in the PRC in January 2008. Ms. Sun obtained her bachelor's degree in financial accounting education from Hebei Normal University of Vocational Technology (河北職業技術師範學院) (now known as Hebei Normal University of Science & Technology (河北科技師範學院)) in the PRC in June 2001. She is a non-practicing member of the Beijing Institute of Certified Public Accountants (北京註冊會計師協會) since 7 September 2010.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Chen Sheng (陳晟), aged 49, was appointed as our independent non-executive Director on 30 March 2022.

Mr. Chen has rich experience and market insight in the PRC real estate industry. Mr. Chen has been appointed as the independent non-executive director of Sanxun Holdings Group Limited (三巽控股集團有限公司), a real estate developer in the PRC which is listed on the Stock Exchange (stock code: 6611), since September 2019. Mr. Chen is the chairman of the China Real Estate Data Academy (中國房地產數據研究院), a professional urban development and real estate research institution which focuses on analytical research on the developments of the real estate industry in the major cities in the PRC. He currently also serves as the executive director of the China Real Estate Research Association (中國房地產業協會). He was the consultant of the Finance and Accounting Study Committee of China Society for Finance and Banking (中國金融學會金融統計研究專業委員會) from July 2014 to July 2016. Mr. Chen obtained a bachelor's degree in material science and engineering inorganic non-metallic materials from Tongji University (同濟大學) in the PRC in July 1995 and a master's degree in business administration from Fudan University in the PRC in January 2004.

Mr. Chen was a director or supervisor of the following companies established in the PRC which had been deregistered or revoked. Mr. Chen confirms that these companies were solvent prior to their deregistrations and that, as at the date of this report, no claims has been made against him and he is not aware of any threatened or potential claims made against him and there are no outstanding claims and/or liabilities as a result of the deregistrations of these companies.

Name of company	Position	Date of deregistration/ revocation	Means of dissolution	Reason of deregistration/ revocation
Shanghai Keya Information Technology Co., Ltd. (上海科亞信息科技有限公司)	Executive Director	24 November 2004	Revoked	Failure to undergo annual inspection under the relevant PRC regulations
Hainan Yixin Real Estate Development Co., Ltd. (海南頤信房地產開發有限公司)	Supervisor	29 June 2016	Revoked	Failure to undergo annual inspection under the relevant PRC regulations
Hainan Tianzhi Industry Development Co., Ltd. (海南天質實業開發有限公司)	Supervisor	29 June 2016	Revoked	Failure to undergo annual inspection under the relevant PRC regulations
Beijing Zhongcheng Industry & Financing Information Co., Ltd. (北京中城產融資訊有限公司)	Executive Director	12 January 2017	Deregistered	Ceased to carry on business
Shanghai Heji Urban Construction Development Co., Ltd. (上海禾驥城市建設發展有限公司)	Director	16 July 2019	Deregistered	Ceased to carry on business

Ms. Zhu Caiqing (朱彩清), aged 53, was appointed as our independent non-executive Director on 21 July 2020 and resigned this position on 30 March 2022.

Ms. Zhu has over 19 years of experience in real estate industry. From April 2003 to January 2009 and from January 2009 to June 2011, Ms. Zhu served as the manager of the secretariat office of and the manager of the settlement pilot department of the Settlement Committee of Chinese Real Estate Research Association (中國房地產研究會人居環境委員會) (now known as Settlement Committee of China Real Estate Association (中國房地產業協會人居環境委員會)), respectively, a committee promoting outstanding local and overseas scientific research of settlement environment and the application thereof. Since July 2011, Ms. Zhu has been promoted as the secretary general, where she is responsible for the daily operation and financial performance of the committee.

Ms. Zhu obtained her master's degree in public administration from Xinjiang University (新疆大學) in June 2015 in the PRC. She graduated from College of Correspondence of Party School of the Central Committee of the Communist Party of China (中共中央黨校函授學院) majoring in economic management through distance learning by way of correspondence education in December 1997 in the PRC. She was granted the certification of deputy researcher by the MOHURD on 28 December 2018.

SENIOR MANAGEMENT

Mr. Pan Fengwei (潘鳳偉), aged 40, was appointed as our deputy general manager on 20 January 2020. Mr. Pan is responsible for managing the business line of green living solutions of our Group.

Mr. Pan has had more than 16 years of experience in the engineering, construction and energy conserving industry. Prior to joining our Group, from July 2006 to June 2011, Mr. Pan served as a heating ventilation designer of Beijing Jinwanzhong Air-conditioning Refrigeration Equipment Co., Ltd. (北京金萬眾空調製冷設備有限責任公司), a company primarily engaged in designing, producing and selling centralized air-conditioning systems for industrial corporations. During that time, Mr. Pan was responsible for centralized air-conditioning engineering design. Mr. Pan then served as a department manager of New Momentum (Beijing) Construction Technology Co., Ltd. (新動力(北京)建築科技有限公司), a company primarily engaged in construction technology services, from June 2011 to December 2014. During that time, Mr. Pan was responsible for design management. Mr. Pan joined First Living as deputy manager on 3 December 2014, where he was responsible for the daily operation of First Living, and has been appointed as the deputy general manager and executive director since 25 May 2017, where he is responsible for the operation and management of First Living.

Mr. Pan obtained his bachelor's degree in building environment and equipment engineering from Tianjin College of Commerce (天津商學院) (now known as Tianjin University of Commerce (天津商業大學)) in June 2006 in the PRC. Mr. Pan obtained registered qualification certificate of associate constructor (二級建造師) in mechanical and electrical engineering from Beijing Municipal Human Resources and Social Security Bureau (北京市人力資源和社會保障局) on 4 January 2011. He also obtained intermediate specialized technique qualification in refrigeration and air conditioning (製冷空調中級專業技術資格) from Beijing Intermediate Specialized Technique Qualification Evaluation Committee (北京市中級專業技術資格評審委員會) on 29 August 2011.

Mr. Li Qingchang (李慶昌), aged 44, was appointed as our deputy general manager on 20 January 2020. Mr. Li is responsible for managing merger and acquisition transactions of the property management business of our Group including carrying out negotiation, conducting valuation and designing transaction structure.

Mr. Li has more than 18 years of experience in the property management industry. From January 2004 to February 2006, Mr. Li worked at Kiu Lok Property Services Co., Ltd (北京僑樂物業管理服務有限公司), a company principally engaged in property management services. From March 2006 to February 2007, Mr. Li served as the manager of customer services of Beijing Sunshine Hundred Property Management Services Co., Ltd (北京陽光壹佰物業服務有限公司), a company principally engaged in property management services, where he was responsible for customer relationship management. Mr. Li has been appointed as a deputy general manager of First Property since 6 July 2009, where he is responsible for managing merger and acquisition transactions of First Property. Mr. Li also holds directorships and other positions in a number of other subsidiaries of our Company.

Mr. Li obtained his associate's degree in real estate operation management through night school from Capital University of Economics and Business (首都經濟貿易大學) in July 2003 in the PRC. Mr. Li obtained the qualification certificate of certified property manager (物業管理師資格) from Beijing Human Resources and Social Security Bureau (北京市人力資源和社會保障局) on 11 May 2011 in the PRC. Mr. Li obtained the certificate of excellent property manager of 2017 from China Association for Professional Managers (中國職業經理人協會) in November 2017 in the PRC. Mr. Li obtained the Certificate of Beijing Property Management Project Manager (北京市物業項目負責人) from Beijing Municipal Commission of Housing and Urban-Rural Development (北京市住房和城鄉建設委員會) for the period from March 2011 to December 2017 in the PRC.

Ms. Niu Jiao (牛嬌), aged 42, was appointed as the secretary of our Board on 20 January 2020. She is mainly responsible for overseeing the financing and securities affairs, investor relations, market value management and listing compliance management of our Group.

Ms. Niu has over 15 years of experience in administration and compliance matters and industry research. From July 2007 to April 2010, Ms. Niu served as an industry analyst of the Beijing representative office of The Freedonia Group Inc. (美國弗裡多尼亞集團公司北京代表處), a market research company, where she was responsible for drafting industry research reports. Ms. Niu was the head of human resources and administration department and general manager assistant of Tianjin Tenio Architecture and Engineering Co., Ltd (天津天友建築設計股份有限公司), a company listed on the NEEQ with stock code 430183 and principally engaged in construction design and consultation, from January 2011 to January 2015. During that time, Ms. Niu was responsible for strategic planning, designing shareholding structure and managing human resources. Ms. Niu served as deputy director of human resources center of First Property from 27 March 2015 to 18 December 2015, where she was responsible for equity management and investor relations management, and has been appointed as the secretary of the board of directors since 19 December 2015, where she is responsible for the corporate governance, capital operations, equity management, investor relations management and information disclosure of First Property. Ms. Niu also served as a supervisor of First Living from 25 May 2017 to 18 December 2019, where she was responsible for auditing the financial statements and reports of First Living and monitoring the performance of the directors and senior management of First Living.

Ms. Niu obtained her bachelor's degree in packaging engineering from Xi'an University of Technology (西安理工大學) in July 2002, and obtained her master's degree in management science and engineering from Beijing University of Chemical Technology (北京化工大學) in June 2007 in the PRC. Ms. Niu has obtained board secretary qualification certificates from the Shenzhen Stock Exchange in October 2016 and the Shanghai Stock Exchange in September 2017, respectively.

Company Secretary

Ms. Szeto Kar Yee Cynthia (司徒嘉怡) has been appointed as our company secretary with effect from the Listing. Ms. Szeto is an associate member of the Hong Kong Chartered Governance Institute and the Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators) in the United Kingdom. She obtained a bachelor's degree of Arts in Language Studies with Business from The Hong Kong Polytechnic University in November 2004 and a master's degree of Science in Professional Accounting and Corporate Governance from City University of Hong Kong in July 2012. Ms. Szeto has more than twelve years of professional and in-house experience in the company secretarial field. She works in the listing services department of TMF Hong Kong Limited and is responsible for providing corporate secretarial and compliance services to listed company clients.

CORPORATE GOVERNANCE REPORT

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

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standard of corporate governance to safeguard the interests of Shareholders and to enhance its corporate value and accountability. The Company has adopted the CG Code as its own code of governance. The Company has complied with all the applicable code provisions set out in the CG Code during the year ended 31 December 2021. The Company will continue to review and monitor its own corporate governance practices to ensure compliance with the CG Code.

BOARD OF DIRECTORS

Responsibilities

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

All Directors shall ensure that they execute their duties in good faith, in compliance with applicable laws and regulations and in a manner consistent with the interests of the Company and the Shareholders at all times.

The Company has maintained appropriate liability insurance for legal proceedings against Directors and will review the coverage of the insurance annually.

Board Composition

As at the date of this annual report, the Board comprises four executive Directors, two non-executive Directors and three independent non-executive Directors as follows:

Executive Directors:
Mr. Liu Peiqing
Mr. Jia Yan
Mr. Jin Chungang
Ms. Zhu Li

Non-executive Directors:
Mr. Zhang Peng *(Chairman)*
Mr. Long Han

Independent Non-executive Directors:
Ms. Sun Jing
Mr. Chen Sheng (appointed on 30 March 2022)
Mr. Cheng Peng
Ms. Zhu Caiging (resigned on 30 March 2022)

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

During the year ended 31 December 2021, the Board has complied with requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules in relation to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has also complied with the requirement of Rule 3.10A of the Listing Rules in relation to the appointment of independent non-executive directors representing at least one-third of the Board.

Each of the independent non-executive Directors has confirmed his/her independence pursuant to Rule 3.13 of the Listing Rules and the Company has reviewed their independence based on the criteria set out in Rule 3.13 of the Listing Rules and considers each of them to be independent.

Board Diversity Policy

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

A summary of the Board Diversity Policy is set out as follows:

Currently, the Board comprises nine members, including one female executive Director and one female independent non-executive Director. Pursuant to the Board Diversity Policy, we aim to maintain at least a 20% female representation in the Board and the composition of the Board satisfies this target gender ratio. Nevertheless, in recognising the particular importance of gender diversity, we confirm that our Nomination Committee will use its best efforts to identify and recommend suitable female candidates to the Board for its consideration. We will implement policies to ensure that there is gender diversity when recruiting staff at the mid to senior level so that we will have a pipeline of female senior management and potential successors to the Group. Furthermore, we will implement comprehensive programmes aimed at identifying and training our female staff who display leadership and potential, with the goal of promoting them to the senior management or the Board.

Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development, human resources, information technology, accounting and financial management, risk management, corporate governance and evaluation of properties and assets. They obtained degrees in various majors including law, business administration, accounting, heating, ventilation and air conditioning engineering, information management and information systems. We have three independent non-executive Directors with different industry backgrounds, representing one-third of the members of the Board. Furthermore, the Board has a wide range of age, ranging from 34 to 49 years old. Taking into account our existing business model and specific needs as well as the different backgrounds of our Directors, the composition of the Board satisfies our Board Diversity Policy.

The Nomination Committee is responsible for ensuring the diversity of the Board members. The Nomination Committee reviews the Board Diversity Policy from time to time to ensure its continued effectiveness and the Company discloses in the corporate governance report about the implementation of the Board Diversity Policy on an annual basis.

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

All Directors (including the 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. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

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

Induction and Continuous Professional Development

All newly appointed Directors are provided with necessary induction and information to ensure that they have a proper understanding of the Company's operations and businesses as well as their responsibilities under relevant statutes, laws, rules and regulations. The Company also arranges regular seminars for Directors to provide updated information on the latest developments and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

The Company encourages all Directors to seek continuous professional development to develop and refresh their knowledge and skills. The company secretary of the Company updates and provides written training materials on the roles, functions and duties of Directors from time to time.

According to information provided by the Directors, a summary of training received by the Directors during the year ended 31 December 2021 is as follows:

Name of Director	Nature of Continuous Professional Development Programme
Mr. Liu Peiqing	A/B/C/D
Mr. Jia Yan	A/B/C/D
Mr. Jin Chungang	A/B/C/D
Ms. Zhu Li	A/B/C/D
Mr. Zhang Peng	A/B/C/D
Mr. Long Han	A/B/C/D
Ms. Sun Jing	A/B/C/D
Mr. Cheng Peng	A/B/C/D
Ms. Zhu Caiqing*	A/B/C/D

* Ms. Zhu Caiqing resigned as an independent non-executive Director on 30 March 2022.

Notes:

A: attending seminars and/or conferences and/or forums and/or briefings

B: delivering talks at seminars and/or conferences and/or forums

C: training organised by the Company, delivered by KPMG and attended by all Directors (Mr. Zhang Peng, Mr. Liu Peiqing, Mr. Jia Yan, Mr. Jin Chungang, Ms. Zhu Li, Mr. Long Han, Ms. Sun Jing, Ms. Zhu Caiqing and Mr. Cheng Peng) in relation to the Environmental, Social and Governance Report

D: reading materials relating to different types of topics, including corporate governance, directors' duties, Listing Rules, and other relevant laws

Chairman and Chief Executive Officers

According to the code provision C.2.1 (previous code provision A.2.1) of the CG Code, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. Mr. Zhang Peng serves as the Chairman and Mr. Liu Peiqing and Mr. Jia Yan serve as co-chief executive officers with clear distinction in responsibilities for the two separate positions. The Chairman is responsible for providing strategic advice and guidance on the development of the Group, while the co-chief executive officers are responsible for the day-to-day operations of the Group.

Appointment and Re-election of Directors

Each of our executive Directors has entered into a service contract with the Company, and the Company has issued a letter of appointment to each of our non-executive Directors and each of our independent non-executive Directors. The service contracts with each of our executive Directors and the letters of appointment with each of our non-executive Directors and each of our independent non-executive Directors are for an initial fixed term of three years commencing from 28 September 2020, except for our non-executive Director Mr. Chen Sheng whose letter of appointment is for an initial fixed term of three years commencing from 30 March 2022. The service contracts and the letters of appointment are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with our Articles of Association and the applicable Listing Rules.

Save as disclosed above, none of our Directors has entered into or has proposed to enter into a service contract with any member of the Group, other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

According to article 16.19 of 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. A retiring Director shall retain office until the close of the meeting at which he/she retires and shall be eligible for re-election thereat.

According to article 16.2 of the Articles of Association, any director be appointed to fill a casual vacancy on as an addition to the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that meeting.

Procedures and processes for the appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the composition of the Board and making recommendations to the Board on the appointment, re-election and succession plans of the Directors.

Board Meetings

The Company has adopted the practice of regularly holding Board meetings at least four times a year at approximately quarterly intervals. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

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

Minutes of the Board meetings and committee meetings are recorded in sufficient detail on the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. The minutes of the Board meetings are open for inspection by all Directors.

During the year ended 31 December 2021, the Board held 10 Board meetings and one general meeting. The attendance of individual Directors at the Board meetings is set out in the table below:

Directors	Number of Meetings Attended/ Eligible to Attend
Mr. Liu Peiqing	8/10
Mr. Jia Yan	8/10
Mr. Jin Chungang	9/10
Ms. Zhu Li	9/10
Mr. Zhang Peng	7/10
Mr. Long Han	7/10
Ms. Sun Jing	10/10
Mr. Cheng Peng	10/10
Ms. Zhu Caiqing*	10/10

* Ms. Zhu Caiqing resigned as an independent non-executive Director on 30 March 2022.

Model Code for Directors' Securities Transactions

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

Delegation by the Board

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

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

Corporate Governance Function

The Board confirms that corporate governance is a collective responsibility of Directors and their corporate governance duties include:

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

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

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

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

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

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

During the year ended 31 December 2021, the Board has performed and carried out the abovementioned corporate governance function.

BOARD COMMITTEES

Audit Committee

During the year ended 31 December 2021, the Audit Committee comprised independent non-executive Directors Ms. Sun Jing, Ms. Zhu Caiqing and Mr. Cheng Peng. Ms. Sun Jing was the chairman of the Audit Committee. Ms. Zhu Caiqing resigned as a member of the Audit Committee on 30 March 2022 and Mr. Chen Sheng was appointed a member of the Audit Committee on the same day.

The primary duties of the Audit Committee are as follows:

1. to make recommendations to the Board on the appointment, re-appointment and removal of the external auditor, approve the remuneration and terms of engagement of the external auditor, and deal with any questions of its resignation or dismissal;

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

3. to review the systems of financial controls, risk management and internal control of the Company and discuss the risk management and internal control systems with the management to ensure that the management has performed its duty to establish an effective system.

During the year ended 31 December 2021, the Audit Committee held two meetings. The attendance at the meetings is set out in the table below:

Directors	Number of Meetings Attended/ Eligible to Attend
Ms. Sun Jing	2/2
Mr. Cheng Peng	2/2
Ms. Zhu Caiqing*	2/2

* Ms. Zhu Caiqing resigned as a member of the Audit Committee on 30 March 2022.

At the meetings, the Audit Committee:

- reviewed the annual results and relevant financial reports of the Group for the year ended 31 December 2021;

- reviewed the interim results and relevant financial reports of the Group for the six months ended 30 June 2021;

- reviewed the reports published by the Auditor in relation to the Group's annual results for the year ended 31 December 2021 and the Group's interim results for the six months ended 30 June 2021; and

- reviewed the financial reporting system, risk management and internal control systems of the Group and made recommendations to the Board and matters raised by the Auditor that need attention.

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

Nomination Committee

During the year ended 31 December 2021, the Nomination Committee comprised non-executive Director Mr. Zhang Peng and independent non-executive Directors Ms. Zhu Caiqing and Mr. Cheng Peng. Mr. Zhang Peng was the chairman of the Nomination Committee. Ms. Zhu Caiqing resigned as a member of the Nomination Committee on 30 March 2022 and Mr. Chen Sheng was appointed a member of the Nomination Committee on the same day.

The primary duties of the Nomination Committee are as follows:

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

2. to formulate a policy of selection and nomination of Directors and the procedures for the sourcing of suitably qualified Director for consideration of the Board and implement such plan and procedures approved;

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

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

5. to make recommendations to the Board on the appointment or reappointment of Directors and succession planning for Directors, in particular the chairman and the chief executive; and

6. to review the Board Diversity Policy.

Nomination Policy

The Nomination Committee shall recommend to the Board for the appointment of a Director including an independent non-executive Director in accordance with the following nomination procedures and selection criteria:

Nomination Procedures

1. The Nomination Committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other members of the management and external recruitment agents.

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

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

4. 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 below 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 a Director at the general meeting of the Company.

Selection Criteria

The Nomination Committee shall consider the following criteria in evaluating and selecting candidates for directorships:

1. Characters including integrity, honesty and fairness;

2. Backgrounds and qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business operations and corporate strategies;

3. Commitment to understanding the Company and its industry, willingness to devote adequate time to discharge duties as a Board member and abilities to assist the Board in fulfilling its responsibilities;

4. Requirement for the Board to have a sufficient number of independent non-executive Directors in accordance with the Listing Rules and assessment of the independence of the candidates;

5. The Board Diversity Policy and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board. Diversity of the Board will be considered from a number of perspectives, including but not limited to gender, skills, age, cultural and educational background, industry experience, technical and professional experience and/or qualifications, knowledge, ethnicity, length of services and time to be devoted as a Director; and

6. Such other factors relating to the Company's business model and specific needs from time to time, and the contribution that the selected candidates will bring to the Board.

During the year ended 31 December 2021, the Nomination Committee held one meeting. The attendance at the meetings is set out in the table below:

Directors	**Number of Meeting Attended/ Eligible to Attend**
Mr. Zhang Peng	1/1
Mr. Cheng Peng	1/1
Ms. Zhu Caiqing*	1/1

* Ms. Zhu Caiqing resigned as a member of the Nomination Committee on 30 March 2022.

At the meeting, the Nomination Committee:

- reviewed the structure, size, and composition of the Board;
- assessed the independence of independent non-executive Directors;
- considered the candidates of retiring Directors for re-election; and
- reviewed the Board Diversity Policy and the progress on implementing the said policy.

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

Remuneration Committee

During the year ended 31 December 2021, the Remuneration Committee comprised independent non-executive Directors Mr. Cheng Peng and Ms. Zhu Caiqing and non-executive Director Mr. Zhang Peng. Mr. Cheng Peng was the chairman of the Remuneration Committee. Ms. Zhu Caiqing resigned as a member of the Remuneration Committee on 30 March 2022 and Ms. Sun Jing was appointed a member of the Remuneration Committee on the same day.

The primary duties of the Remuneration Committee are as follows:

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

2. to formulate the policy of executive Directors' remuneration, evaluate performance of the executive Directors and approve terms of service contracts of executive Directors; and

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

During the year ended 31 December 2021, the Remuneration Committee held one meeting. The attendance at the meetings is set out in the table below:

Directors	Number of Meeting Attended/ Eligible to Attend
Mr. Cheng Peng	1/1
Mr. Zhang Peng	1/1
Ms. Zhu Caiqing*	1/1

* Ms. Zhu Caiqing resigned as a member of the Remuneration Committee on 30 March 2022.

At the meeting, the Remuneration Committee:

- reviewed the remuneration packages of the Directors and senior management of the Company for 2021; and

- reviewed and made recommendations to the Board on the remuneration policy and structure relating to the Directors and senior management of the Company for 2022.

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

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Details of the remunerations of the Directors for the year ended 31 December 2021 are set out in note 8 to the consolidated financial statements and the details of the remuneration of senior management by band are set out below:

Remuneration Band *(RMB)*	**Number of individuals**
0-1,000,000	3

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

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

The management has provided necessary explanation and information to the Board so as to enable the Board to make an informed assessment of the financial statements of the Company which were put to the Board for approval. The Company has provided monthly updates on the performance and prospects of the Company to all members of the Board.

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

The statement by the Auditor regarding its reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 86 to 88 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibilities for maintaining a sound internal control and risk management system of the Group to protect the interests of the Group and Shareholders, and regularly reviewing and supervising the effectiveness of the internal management and risk management system to ensure its effectiveness and sufficiency. Such systems are designed to manage and mitigate risks inherent in the Group's business faced by the Group to an acceptable level, but not eliminating the risk of failure to achieve business objectives, and can only provide reasonable assurance against material misstatement, loss or fraud.

The Group has established an internal control organisation system with well-formed organisational structure, clear rights and responsibilities, clear division of labour and well-equipped personnel in accordance with relevant laws and regulations and the needs for business management and risk management, and it is clearly stipulated that the Audit Centre is responsible for performing internal audit functions, overseeing the risk management and internal control systems of the Group on an on-going basis and reviewing the effectiveness of the systems annually. The review covers all material controls, including financial, operational and compliance controls.

The Audit Centre oversees the continuous improvement and enhancement of the management in the areas of risk management and internal control and submits the relevant review reports for the risk management and internal control systems of the Company to the Audit Committee. The Audit Committee reviews the risk management and internal control systems of the Company. The Board shall take ultimate responsibility for the sound and effective implementation of the Company's risk management and internal control systems and be responsible for reviewing their effectiveness.

The Group's internal control management focuses on the four major areas, respectively system building, atmosphere creation, routine auditing and control testing, continuously auditing operations, monitoring the implementation of standards, maintaining the control environment, conducting fraud investigations, promoting a culture of integrity and safeguarding the "Five Don't" principles.

The Audit Centre monitors the internal governance of the Company and provides independent assurances as to the adequacy and effectiveness of the Company's risk management and internal control systems. The senior executive in charge of the Audit Centre reports directly to the Audit Committee. The internal audit reports on control effectiveness are submitted to the Audit Committee in line with agreed audit plan approved by the Board. The Audit Centre carried out analyses and independent appraisals of the adequacy and effectiveness of the risk management and internal control systems of the Company twice during the year and reported the findings to the management of the Company and the Audit Committee. The senior executives in charge of the Audit Centre attended the meeting of the Audit Committee to explain the internal audit findings and responded to queries from members of the Audit Committee.

The Company has followed internal guidelines to ensure that inside information is released to the public in a fair and timely manner in accordance with applicable laws and regulations. The senior management of the Group's investor relations, corporate affairs and financial control functions are delegated the responsibility to monitor and oversee compliance with appropriate procedures in the disclosure of inside information. Only relevant senior management is entitled to inside information on a "need-to-know" basis at all times. Relevant personnel and other relevant professionals are required to maintain the confidentiality of such inside information before it is publicly disclosed. The Company has also implemented other relevant procedures, such as pre-approval of trading in the Company's securities by Directors and designated members of management, notification to Directors and employees of regular blackout periods and restrictions on trading in securities, and identification of items by code, to prevent possible improper handling of inside information within the Group.

The Company has adopted arrangements to assist employees and other stakeholders in raising concerns about possible frauds in financial reporting, internal control and other matters in confidentiality. The Audit Committee regularly reviews these arrangements and ensures that appropriate arrangements are in place for fair and independent investigations into these matters and for taking appropriate follow-up actions.

During the year ended 31 December 2021, the Audit Committee conducted a review of the effectiveness of the Company's risk management and internal control systems. During the year ended 31 December 2021, there were no significant matters relating to risk management and internal control systems that required the attention and action from the Company.

The Board believes that, in the absence of any evidence to the contrary, the system of internal controls maintained by the Group throughout the year ended 31 December 2021 provides reasonable assurance against material financial misstatements or loss, and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risks.

The Board believes that the existing risk management and internal control system is adequate and effective. The Board has also reviewed the resources, qualifications and experience of the staff of the Company's accounting and financial reporting function, and their training programmes and budget, and is satisfied with the adequacy of the above aspects.

AUDITOR'S REMUNERATION

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

Type of Services	**Amount** *(RMB)*
Audit services	2,800,000
Non-audit services	570,000

COMPANY SECRETARY

Ms. Szeto Kar Yee Cynthia, a manager of TMF Hong Kong Limited, a global corporate service provider, serves as the company secretary of the Company. Her primary contact person at the Company is Ms. Niu Jiao, secretary of the Board.

Ms. Szeto has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules during the year ended 31 December 2021.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS RELATIONS

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

The annual general meeting of the Company provides an opportunity for Shareholders to communicate directly with the Directors. The Chairman of the Company and the chairmen of the Board Committees will attend the annual general meeting to answer Shareholders' questions. The Auditor will also attend the annual general meeting to answer questions about the conduct of the audit, the preparation and contents of the Auditor's report, accounting policies and Auditor's independence.

To promote effective communication, the Company adopts the shareholder communication policy aimed to establish relations and communication between the Company and Shareholders and maintains a website at www.firstservice.hk, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

SHAREHOLDERS' RIGHTS

To safeguard the Shareholders' interests and rights, the Company will propose a separate resolution for each issue at general meetings, including the election of individual Directors.

All resolutions proposed at general meetings 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 in a timely manner after each general meeting.

CONVENING AND PUTTING FORWARD PROPOSALS AT AN EXTRAORDINARY GENERAL MEETING

According to 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 one or more members holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, specifying the objects of the meeting and signed by the requisitionist(s). 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 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.

As regards proposing a person for election as a Director, the procedures are available on the website of the Company.

ENQUIRIES TO THE BOARD

Shareholders who intend to put forward their enquiries about the Company to the Board may email their enquiries to the Investor Relation Department of the Company at diyifuwu@firstservice.hk.

CHANGE IN CONSTITUTIONAL DOCUMENTS

On 25 September 2020, the Company adopted the amended and restated Memorandum and Articles of Association which became effective on the Listing Date. There was no change in the Memorandum and Articles of Association during the year ended 31 December 2021.

DIRECTORS' REPORT

The Board is pleased to present its report together with the audited consolidated financial statements of the Group, for the year ended 31 December 2021.

GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 20 January 2020, as an exempted company with limited liability under the Companies Law. The Shares were listed on the Main Board of the Stock Exchange on 22 October 2020.

PRINCIPAL ACTIVITIES

The Group primarily provides property management services and green living solutions that cover the full property life-cycle in China. Details of the principal activities of the principal subsidiaries are set out in note 16 to the consolidated financial statements.

BUSINESS REVIEW

The business review and performance analysis of the Group for the year ended 31 December 2021 is set out in the section headed "Chairman's Statement" from pages 16 to 21 and "Management Discussion and Analysis" from pages 22 to 35 of this annual report.

FUTURE DEVELOPMENT FOR 2022

In the year 2022, the Group will continue to pursue the following business strategies: (i) continue to expand the scale of our property management business; (ii) actively explore the new track of smart city service; (iii) leverage AI platform to explore energy operation and maintenance market; (iv) develop intelligent community and upgrade information technology systems; (v) continue to research, develop and commercialize green technologies; and (vi) attract and nurture talent and build a learning organization. Further discussion of the Group's future business development is set out in the section headed "Chairman's Statement" on pages 16 to 21 of this annual report which constitutes part of this Directors' Report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group primarily provides property management services and green living solutions in China and is subject to laws and regulation regarding environmental protection. For the year ended 31 December 2021, the Group has complied with relevant laws and regulations in its business operation. Details of such are set out in the Environmental, Social and Governance Report of the Company for the year ended 31 December 2021 to be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.firstservice.hk) pursuant to the Listing Rules.

IMPORTANT RELATIONSHIPS

Relationship with Our Customers

Our customer base is large and diverse, which primarily consists of property developers, property owners and residents. While catering to all stages of the property life cycle, we strive to provide our customers with digitally connected, green and healthy living experiences in residential and non-residential properties. Revenue derived from our five largest customers accounted for 19.5% of our total revenue for the year ended 31 December 2021.

Relationship with Our Suppliers

Our suppliers are primarily subcontractors for our services and the assembly of our AIRDINO systems, as well as suppliers of utilities and human resources companies. For the year ended 31 December 2021, the total purchases from our five largest suppliers in aggregate accounted for 23.1% of our total purchases.

Normally, we do not have any long-term agreements with our major suppliers, but we typically enter into agreement with terms ranging from one to three years with our subcontractors. We did not experience any breach of our subcontracting agreements by our subcontractors during the year ended 31 December 2021.

All of our top five largest suppliers are independent third parties. Save as disclosed in this annual report, none of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital of our Company) had any interest in any of our top five largest customers or suppliers that is required to be disclosed under the Listing Rules for the year ended 31 December 2021.

Relationship with Employees

We believe that long-term sustainable development of our employees is an important factor to the long-term growth of the Group's performance. We implemented the "Talented Apprentice" (匠才生) recruitment and training scheme to recruit fresh graduates with bachelor's degree and above, so as to provide the Company with long-term core talent pools, the "Talented Leaders Scheme" (將才計劃) to hunt for and bring in mature business and management talents from external source, the "Starlight Training Scheme" (星光培訓計劃) to guarantee the provision of systematic training for the promotion of internal staff, and the "Star Rating Scheme" (星級評定計劃) to attract external talents and retain internal outstanding employees by constructing a differentiated salary system. We also initiated the "Feng He Scheme" (風禾計劃) to attach importance to the self-improvement of senior managements and executives of the Company and lay a solid foundation for the management of the Company, so as to maintain a rapid and healthy development for our Company. We pay social insurance, including pension insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance, and housing provident fund contributions for our employees. Moreover, we have adopted a Share Option Scheme to incentivize qualified employees and a Share Award Scheme to retain eligible persons. For more information of our Share Option Scheme and Share Award Scheme, please refer to the section headed "Share Option Scheme" and "Share Award Scheme" in this Directors' Report.

CERTIFICATES, LICENSES AND PERMITS AND COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 December 2021, we obtained all material certificates, licenses and permits from relevant regulatory authorities necessary for our business operations, which were all in force. For more details regarding our compliance with relevant laws and regulations, please refer to the Environmental, Social and Governance Report.

LITIGATION

On 28 October 2021, Beijing Blue Green Living Environment Technology Co., Ltd. (北京藍綠人居環境科技有限公司) ("**Blue Green**"), a wholly-owned subsidiary of First Living, together with First Living as co-defendants received a statement of claim issued by Beijing Sumit Technology Co., Ltd. (北京薩密特科技有限公司) for alleged default in payment of outstanding transfer fees under agreement in an aggregate amount of RMB6,036,000 and all related interests and expenses. As of the date of this annual report, the proceeding is still in progress.

Save as disclosed above, during the year ended 31 December 2021, the Company was not involved in any material litigation or arbitration, and no material litigation or claim to the Directors' knowledge is pending or threatening against the Company.

MATERIAL RISK FACTORS AND UNCERTAINTIES

The results and business operation of the Group are subject to certain material risk factors and uncertainties that the Group faces and key mitigations that the Group adopts are summarized as follows:

Material Risk Factors and Uncertainties	Mitigation Measures
Our reliance on Modern Land Group	
As of 31 December 2021, 36.1% of our total contracted GFA was sourced from Modern Land Group and other associates of our controlling Shareholders. We expect this situation will continue. However, we do not have control over the Modern Land Group and other associates of our controlling Shareholders. Therefore, we may lose such business opportunities and our revenue source, and we may not be able to procure service engagements from alternative sources to make up for the shortfall in a timely manner or on favorable terms, or that we will continue to be successful in efforts to diversify our customer base.	In line with our Group's business expansion, we proactively and continuously expand the scale of our property management business through multiple channels. As of 31 December 2021, our total contracted GFA amounted to approximately 74.0 million sq.m., among which approximately 63.9% of the total contracted GFA were contracted with third-party developers. Meanwhile, we also proactively and cautiously identify suitable cooperation and acquisition targets with a view to further expand our business. In 2021, we acquired Dalian Yahang and Qingdao Luohang to expand our third-party business and enrich the types of properties managed by us. In the future, we will further reduce our reliance on connected parties through our continued efforts in business expansion and acquisitions.

Material Risk Factors and Uncertainties	Mitigation Measures
Uncertainty in anticipating or controlling costs in providing property management services	
Our property management services are primarily provided under the lump sum basis revenue model. If we fail to accurately anticipate our actual costs prior to negotiating and entering into our property management contracts, and our fees are insufficient to sustain our profit margins, we would not be entitled to collect additional amounts from our customers. Therefore, we may need to cut our costs to reduce the shortfall of working capital, which may negatively affect the quality of our property management services.	We continuously refine our project operation standardisation model based on our years of operational experience in the industry so that our cost estimates on property management services become increasingly accurate. In terms of operation cost control, we have established comprehensive internal control systems to monitor the risk of cost overrun of our operational projects. We estimate the revenue and expenditure of the projects under management based on the standardised model annually, prepare annual, quarterly and monthly budgets for each project, manage revenues and costs of our projects under management dynamically, strictly monitor each expense so as to prevent extra budget cost. Our management believes that the establishment of an accurate and standardised model with highly effective internal control system will ensure the accuracy of our costs estimates, guarantee profits of our projects, and avoid the negative impact of cutting costs or reducing service qualify as a result of insufficient operation funds.
Risks related to the outbreak of COVID-19	
The outbreak of COVID-19 caused a worldwide health crisis which adversely affecting the PRC and global economy and financial markets. It has negatively impacted, and may also continue to negatively impact, our business operations and earnings. To the extent that the continuing outbreak leads to higher unemployment rates and exacerbates the global economy, we may experience negative impacts on our provision of value-added services and green living solutions.	The property management industry played an important role during the outbreak, with security, hygiene, access management, publicity and protection of livelihood needs receiving great attention and recognition. Our outstanding performance in prevention and control won high recognition from property owners, and we achieved our performance targets with a rapid increase in the rate of return. The changing importance of the government and the community to our company has also shown us that there are both opportunities and challenges in the industry. We have developed community services (wine and dairy products, fruit and fresh produce, food and oil, specialty products) and home services (home cleaning, household cleaning) around community living, generating new revenue growth points. In terms of green habitat solutions, all of them have returned to normal with the effective control of the epidemic. During the epidemic, the outbreak of the pandemic has given various departments of our Group an invaluable experience. We have established service quality through the process and standardised system, in preparation for future unforeseeable events.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

As disclosed in the announcement of the Company dated 3 January 2022, the possible unconditional mandatory cash offer by Somerley Capital Limited for and on behalf of Sunac Services Investment III Limited to acquire all the issued Shares (other than those already owned by or agreed to be acquired by Sunac Services Investment III Limited and parties acting in concert with it (except Mr. Zhang Lei, Mr. Zhang Peng, Glorious Group and Hao Fung)) was lapsed as certain conditions precedent set out in the CS Share Transfer Framework Agreement (the "**Agreement**") have not been satisfied on or before 31 December 2021. The Agreement was automatically terminated on 31 December 2021, and the Management Share Transfer Agreement (as defined in the announcement of the Company dated 3 January 2022) and CDH Share Transfer Agreement (as defined in the announcement of the Company dated 3 January 2022) were terminated accordingly. For details, please refer to the announcement of the Company dated 3 January 2022.

Please also refer to detailed information of important events affecting the Group that have occurred since the year ended 31 December 2021 stated in note 34 to the consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

The Group's profit for the year ended 31 December 2021 and the summary of the Company's and the Group's affairs as of 31 December 2021 are set out in the consolidated financial statements on pages 89 to 178 of this annual report.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2021 are set out in note 13 to the consolidated financial statements in this annual report.

Final Dividend

The Board has recommended the payment of a final dividend of HK6.77 cents per Share for the year ended 31 December 2021, being HK$67.7 million in aggregate (for the year ended 31 December 2020: HK3.97 cents per Share, being HK$39.7 million in aggregate). Subject to the approval of Shareholders at the AGM to be held on Tuesday, 21 June 2022, the final dividend is expected to be paid on Tuesday, 12 July 2022 to the Shareholders whose names appear on the register of members of the Company on Wednesday, 29 June 2022.

Dividend Policy

The Company considers stable and sustainable returns to our Shareholders to be its goal. The recommendation of the payment of dividend is subject to the absolute discretion of our Board, and any declaration of final dividend for the year will be subject to the approval of our Shareholders. The declaration and payment of future dividends will be subject to various factors, including but not limited to our results of operations, financial performance, profitability, business development, prospects, capital requirements, economic outlook and interests of our Shareholders. Any declaration and payment as well as the amount of the dividend will be subject to our constitutional documents and the Cayman Islands Companies Law, including the approval of our Shareholders.

Distributable Reserves

As of 31 December 2021, the distributable reserves of the Group amounted to approximately RMB699.2 million.

Reserves

Changes to the reserves of the Group during the year ended 31 December 2021 are set out in the consolidated statement of changes in equity in this annual report.

Share Capital

Details of movements in the share capital of the Company for the year ended 31 December 2021 and as of 31 December 2021 are set out in note 26 to the consolidated financial statements.

Bank Loans

As of 31 December 2021, all bank loans are due within one year. Bank loans of RMB20 million were guaranteed by First Property, a subsidiary of the Group. First Assets has provided a counter-guarantee to First Property in respect of 27.9% of its guarantee obligations under the guarantee agreements. As of 31 December 2021, the counter-guarantee is amounted to RMB5,580,000. For details, please refer to the announcement of the Company dated 30 June 2021.

Details of bank loans of the Group as of 31 December 2021 are set out in note 25 to the consolidated financial statements.

Pledge of Assets

As of 31 December 2021, the Group did not have any pledge on its assets.

Charitable Donation

For the year ended 31 December 2021, the Group made RMB40,000 of charitable donations.

Financial Summary

A summary of the published results and of the assets and liabilities of the Group for the last five financial years is set out on page 6 of this annual report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

SHARE OPTION SCHEME

A Share Option Scheme was conditionally approved and adopted by our Shareholders on 25 September 2020 and its implementation is conditional on the Listing. The purpose of the Share Option Scheme is to provide our Company with a means of incentivizing any director or employee of our Group who has contributed or will contribute to our Group and retaining employees, and to encourage employees to work towards enhancing the value of our Company and promote the long-term growth of our Company. The Share Option Scheme will link the value of the Company with the interests of the participants, enabling the participants and the Company to develop together and promote the Company's corporate culture.

Subject to earlier termination by our Company in general meeting or by our Board, the Share Option Scheme shall be valid and effective for a period of ten years commencing on 25 September 2020. As of 31 December 2021, no option had been granted or agreed to be granted, and thus no options had been exercised, cancelled or lapsed under the Share Option Scheme. As a result, the total number of Shares available for grant under the Share Option Scheme was 100,000,000, representing 10% of the total number of Shares in issue of the Company as of the date of this annual report.

SHARE AWARD SCHEME

The Company adopted a Share Award Scheme on 10 May 2021 to recognise the contributions by certain Eligible Participants (as defined in the announcement of the Company dated 10 May 2021) and to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

The Share Award Scheme shall be valid and effective for a term of ten years commencing on 10 May 2021. The Board shall not make any further award of such number of shares as awarded by the Board to a Selected Participant (as defined in the announcement of the Company dated 10 May 2021) which will result in the nominal value of the shares awarded by the Board under the Share Award Scheme being equal to or greater than 10% of the issued share capital of the Company from time to time. The maximum number of Shares which may be awarded to a Selected Participant under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time. As of 31 December 2021, there were 8,900,000 Shares held in trust by the trustee under the Share Award Scheme.

On 29 July 2021, the Company was informed that Cedar Group, one of the controlling Shareholders of the Company, adopted a share award scheme (the "**Cedar Share Award Scheme**") to eligible persons in order to retain them for the continuous operation and development of the Group, and to attract suitable personnel for further development of the Group. The award shares will be satisfied by the existing Shares beneficially owned by Cedar Group and no new Share will be issued by the Company as a result of the grant of award shares under the Cedar Share Award Scheme. As of 31 December 2021, a total of 63,782,250 Shares, representing all Shares held by Cedar Group before the adoption of the Cedar Share Award Scheme which were available for granting, have been granted and vested. Cedar Group no longer held any Share as of the date of this annual report.

DIRECTORS

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

Non-executive Directors
Mr. Zhang Peng *(Chairman)*
Mr. Long Han

Executive Directors
Mr. Liu Peiqing *(Co-chief executive officer and general manager)*
Mr. Jia Yan *(Co-chief executive officer)*
Mr. Jin Chungang
Ms. Zhu Li

Independent non-executive Directors
Ms. Sun Jing
Mr. Chen Sheng (appointed on 30 March 2022)
Mr. Cheng Peng
Ms. Zhu Caiqing (resigned on 30 March 2022)

In accordance with article 16.19 of the Articles of Association, one-third of the existing Directors shall retire from office by rotation and will offer themselves for re-election at the forthcoming AGM.

In accordance with article 16.2 of the Articles of Association, any director be appointed to fill a casual vacancy on as an addition to the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that meeting.

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

Directors' Service Contracts and Letters of Appointment

Each of our executive Directors has entered into a service contract with our Company, and we have issued a letter of appointment to each of our non-executive Directors and each of our independent non-executive Directors. The service contracts with each of our executive Directors and the letters of appointment with our non-executive Directors and each of our independent non-executive Directors are for an initial fixed term of three years commencing from 28 September 2020, except for the letter of appointment of our newly appointed independent non-executive Director, Mr. Chen Sheng, which is for an initial fixed term of three years commencing on 30 March 2022. The service contracts and the letters of appointment are subject to termination in accordance with their respective terms.

The service contracts may be renewed in accordance with our Articles of Association and the applicable Listing Rules. None of our Directors proposed for re-election at the AGM has a service contract with members of our Group that is not determinable by our Group within one year without payment of compensation, other than statutory compensation.

Confirmation of Independence of Independent Non-executive Directors

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors (being Ms. Sun Jing, Ms. Zhu Caiqing and Mr. Cheng Peng), and the Company considers such Directors to be independent for the year ended 31 December 2021.

Directors' and Controlling Shareholders' Interests in Transactions, Arrangements or Contracts of Significance

Other than the related party transactions disclosed in note 30 to the consolidated financial statements and the connected transactions as disclosed in the section headed "Connected Transactions" in this Directors' Report, no Director had either direct or indirect material interest in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party, and there was no transaction, arrangement or contract of significance between the Company or any of its subsidiaries and the Company's controlling Shareholders or any of its subsidiaries, subsisted at the end of, or at any time during the year ended 31 December 2021.

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As of 31 December 2021, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

1. Interest in the Company

Name of Director	Nature of Interest	Number of Shares held(6)	Approximate percentage of shareholding interest(1)
Zhang Peng(5)	Beneficial owner	8,225,000	0.82%
	Interest in controlled corporation(2)	170,777,250	17.08%
Liu Peiqing	Beneficial owner	310,000	0.03%
	Interest in controlled corporation(3)	10,988,750	1.10%
Long Han	Interest in controlled corporation(4)	10,511,250	1.05%
Zhu Li	Beneficial owner	676,155	0.07%
Jia Yan	Beneficial owner	4,499,977	0.45%
Jin Chungang	Beneficial owner	1,007,282	0.10%

Notes:

(1) The percentage represents the number of ordinary Shares interested divided by the number of the Company's issued Shares as of 31 December 2021.

(2) The Shares are registered under the name of Hao Fung, which is wholly owned by Mr. Zhang Peng. Accordingly, Mr. Zhang Peng is deemed to be interested in all the Shares held by Hao Fung.

(3) The Shares are registered under the name of Liu Pei Qing Management, which is wholly owned by Mr. Liu Peiqing. Accordingly, Mr. Liu Peiqing is deemed to be interested in all the Shares held by Liu Pei Qing Management.

(4) The Shares are registered under the name of Long Han Management, which is wholly owned by Mr. Long Han. Accordingly, Mr. Long Han is deemed to be interested in all the Shares held by Long Han Management.

(5) Mr. Zhang Peng, together with Mr. Zhang Lei, being parties acting in concert, were interested in 513,929,000 Shares, representing approximately 51.39% of the number of the Company's issued Shares as of 31 December 2021.

2. *Interest in associated corporations of the Company*

Name of Director	**Name of associated corporation**	**Nature of interest**	**Amount of share capital held**	**Approximate percentage of shareholding interest[(1)]**
Zhang Peng	First Living[(1)]	Beneficial owner	RMB1,317,397	3.8%
Jia Yan	First Living[(1)]	Beneficial owner	RMB1,221,853	3.5%

Note:

(1) First Living is a non-wholly owned subsidiary of our Company and thus an associated corporation of our Company.

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

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As of 31 December 2021, to the best knowledge of the Directors, the following persons (not being a Director or chief executives of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which are recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Nature of Interest	Number of Shares[9]	Approximate percentage of interest in the Company[1]
Zhang Lei[2]	Interest in controlled corporation	334,926,750	33.49%
Yu Jinmei[3]	Interest of spouse	334,926,750	33.49%
Glorious Group[2]	Beneficial owner	334,926,750	33.49%
Wang Yujuan[4]	Interest of spouse	179,002,250	17.90%
Hao Fung[5]	Beneficial owner	170,777,250	17.08%
CDH Griffin[6]	Interest in controlled corporation	86,424,000	8.64%
East Oak[6]	Interest in controlled corporation	86,424,000	8.64%
Access Star[6]	Interest in controlled corporation	86,424,000	8.64%
Ningbo Huiyong[6]	Interest in controlled corporation	86,424,000	8.64%
Ningbo Chunyong[6]	Interest in controlled corporation	86,424,000	8.64%
Ningbo Runyong[6]	Interest in controlled corporation	86,424,000	8.64%
Ningbo Weijun[6]	Interest in controlled corporation	86,424,000	8.64%
Ningbo Xubo[6]	Interest in controlled corporation	86,424,000	8.64%
Ningbo Penghui[6]	Interest in controlled corporation	86,424,000	8.64%
Tianjin Haoyong[6]	Interest in controlled corporation	86,424,000	8.64%
Tianjin Weiyuan[6]	Interest in controlled corporation	86,424,000	8.64%
Tianjin Taiding[6]	Interest in controlled corporation	86,424,000	8.64%
Dinghui Investment[6]	Interest in controlled corporation	86,424,000	8.64%

Name of Shareholder	Nature of Interest	Number of Shares[9]	Approximate percentage of interest in the Company[1]
Shanghai CDH Yaojia[6]	Beneficial owner	86,424,000	8.64%
Hangzhou Dinghui[7]	Interest in controlled corporation	86,424,000	8.64%
Sunac Services Investment III Limited[8]	Person having a security interest in shares	200,000,000	20.00%
Sunac Services Holdings Limited[8]	Interest in controlled corporation	200,000,000	20.00%
Sunac Services Investment Limited[8]	Interest in controlled corporation	200,000,000	20.00%
Sunac China Holdings Limited[8]	Interest in controlled corporation	200,000,000	20.00%
Sunac International Investment Holdings Ltd[8]	Interest in controlled corporation	200,000,000	20.00%
Sunac Holdings LLC[8]	Interest in controlled corporation	200,000,000	20.00%
South Dakota[8]	Trustee	200,000,000	20.00%
Sun Hongbin[8]	Founder of a discretionary trust	200,000,000	20.00%
UBS Group AG	Interest in controlled corporation	80,105,000	8.01%

Notes:

(1) The percentage represents the number of ordinary Shares interested divided by the number of the Company's issued Shares as of 31 December 2021.

(2) Glorious Group is wholly-owned by Mr. Zhang Lei. Therefore, Mr. Zhang Lei is deemed under the SFO to be interested in 334,926,750 Shares held by Glorious Group as of 31 December 2021.

(3) Ms. Yu Jinmei, the spouse of Mr. Zhang Lei, is deemed under the SFO to be interested in these 334,926,750 Shares in which Mr. Zhang Lei is deemed to be interested.

(4) Ms. Wang Yujuan, the spouse of Mr. Zhang Peng, is deemed under the SFO to be interested in these 179,002,250 Shares in which Mr. Zhang Peng is deemed to be interested.

(5) Hao Fung is wholly-owned by Mr. Zhang Peng. Therefore, Mr. Zhang Peng is deemed under the SFO to be interested in these 170,777,250 Shares held by Hao Fung.

(6) Dinghui Equity Investment Management (Tianjin) Company Limited (鼎暉股權投資管理(天津)有限公司) ("**Dinghui Investment**") is the general partner of Shanghai CDH Yaojia. Dinghui Investment is owned as to 85.4% by Tianjin Taiding Investment Co., Ltd. (天津泰鼎投資有限公司) ("**Tianjin Taiding**"). Tianjin Taiding is owned as to 45% and 55% by Tianjin Weiyuan Investment Management Co., Ltd. (天津維遠投資管理有限公司) ("**Tianjin Weiyuan**") and Tianjin Haoyong Investment Management Co., Ltd. (天津浩永投資管理有限公司) ("**Tianjin Haoyong**"), respectively. Tianjin Weiyuan is wholly-owned by Ningbo Economic and Technological Development Zone Penghui Investment Consulting Co., Ltd. (寧波經濟技術開發區鵬暉投資諮詢有限公司) ("**Ningbo Penghui**"). Ningbo Penghui is wholly owned by Ningbo Economic and Technological Development Zone Xubo Investment Consulting Co., Ltd. (寧波經濟技術開發區旭博投資諮詢有限公司) ("**Ningbo Xubo**"). Ningbo Xubo is wholly owned by Ningbo Economic and Technological Development Zone Weijun Investment Consulting Co., Ltd. (寧波經濟技術開發區維均投資諮詢有限公司) ("**Ningbo Weijun**"). Ningbo Weijun is wholly-owned by Access Star Company Limited ("**Access Star**"). Tianjin Haoyong is wholly-owned by Ningbo Economic and Technological Development Zone Runyong Investment Consulting Co., Ltd. (寧波經濟技術開發區潤永投資諮詢有限公司) ("**Ningbo Runyong**"). Ningbo Runyong is wholly-owned by Ningbo Economic and Technological Development Zone Chunyong Investment Consulting Co., Ltd. (寧波經濟技術開發區淳永投資諮詢有限公司) ("**Ningbo Chunyong**"). Ningbo Chunyong is wholly-owned by Ningbo Economic and Technological Development Zone Huiyong Investment Consulting Co., Ltd. (寧波經濟技術開發區匯永投資諮詢有限公司) ("**Ningbo Huiyong**"), which is wholly-owned by East Oak Company Limited ("**East Oak**"). Each of Access Star and East Oak is owned as to 85% by CDH Griffin Holdings Company Limited ("**CDH Griffin**"). Therefore, Dinghui Investment, Tianjin Taiding, Tianjin Weiyuan, Tianjin Haoyong, Ningbo Runyong, Ningbo Chunyong, Ningbo Huiyong, Ningbo Penghui, Ningbo Xubo, Ningbo Weijun, East Oak, Access Star and CDH Griffin are deemed under the SFO to be interested in these 86,424,000 Shares held by Shanghai CDH Yaojia.

(7) Hangzhou Dinghui New Trend Equity Investment Partnership (Limited Partnership) (杭州鼎暉新趨勢股權投資合夥企業(有限合夥)) ("**Hangzhou Dinghui**") is a limited partner of Shanghai CDH Yaojia. Shanghai CDH Yaojia is owned as to 99.9990% by Hangzhou Dinghui. Therefore, Hangzhou Dinghui is deemed under the SFO to be interested in these 86,424,000 Shares held by Shanghai CDH Yaojia.

(8) Glorious Group and Hao Fung charged 200,000,000 Shares in favour of Sunac Services Investment III Limited as disclosed in the announcement of the Company dated 1 November 2021. The aforesaid charge has been released on 9 January 2022. Sunac Services Investment III Limited is wholly-owned by Sunac Services Holdings Limited. Sunac Services Holdings Limited is owned as to 54.76% by Sunac Services Investment Limited. Sunac Services Investment Limited is wholly-owned by Sunac China Holdings Limited. Sunac China Holdings Limited is owned as to 43.82% by Sunac International Investment Holdings Ltd. Sunac International Investment Holdings Ltd is owned as to 70% by Sunac Holdings LLC, which is wholly-owned by South Dakota Trust Company LLC (孫宏斌家族信托受托人) ("**South Dakota**"). South Dakota is the trustee of Sun Hongbin's family trust and Mr. Sun Hongbin is the founder of South Dakota and can influence how the trustee exercises his discretion. Therefore, each of Sunac Services Holdings Limited, Sunac Services Investment Limited, Sunac China Holdings Limited, Sunac International Investment Holdings Ltd, Sunac Holdings LLC, South Dakota and Mr. Sun Hongbin is deemed under the SFO to be interested in the 200,000,000 Shares charged in favour of Sunac Services Investment III Limited as of 31 December 2021.

(9) All interests stated are long positions.

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

MANAGEMENT CONTRACTS

No contracts 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 ended 31 December 2021.

PRE-EMPTIVE RIGHTS

There is no arrangement for pre-emptive rights under the Articles of Association, although there are no restrictions against such rights under the laws in the Cayman Islands which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders of the Company.

TAX RELIEF AND EXEMPTION

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

EMOLUMENT POLICY

Our success depends on our ability to attract, retain and motivate qualified personnel. The remuneration package for our employees generally includes salary and discretionary bonuses. We determine employee remuneration based on factors such as qualifications and years of experience. Employees also receive welfare benefits, including medical care, retirement benefits, occupational injury insurance and other miscellaneous items. We make contributions to mandatory social security funds for our employees to provide for retirement, medical, work-related injury, maternity and unemployment benefits. We offer competitive compensation packages and systematic training programs and development programs across all levels to attract and retain our employees. We aim at creating a value-oriented ecosystem and open communication atmosphere. Moreover, we have adopted a Share Option Scheme for incentivising qualified employees and a Share Award Scheme to retain eligible participants. For more information of our Share Option Scheme and Share Award Scheme, please refer to the section headed “Share Option Scheme” and “Share Award Scheme” in this Directors’ Report. Our Group has established a Remuneration Committee to establish and review the policy and structure of the remuneration for our Directors and senior management and make recommendations on employee benefit arrangement. In general, our Group determines the emolument payable to our Directors based on each Director’s time commitment and responsibilities, salaries paid by comparable companies as well as the employment conditions elsewhere in our Group.

EMPLOYEE BENEFITS

Particulars of the employee benefits of the Group are set out in note 6 to the consolidated financial statements

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained minimum public float of 25% as required under the Listing Rules during the year ended 31 December 2021.

RIGHTS TO ACQUIRE THE COMPANY’S SECURITIES AND EQUITY-LINKED AGREEMENTS

Other than disclosed under the section headed “Share Option Scheme” and “Share Award Scheme” in this Directors’ Report, the Company, or any of its holding companies or subsidiaries, or any of its fellow subsidiaries, have not entered into any arrangement to enable the Directors or chief executive of the Company or their respective associates to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, nor did the Company enter into any equity-linked agreement.

DIRECTORS’ AND CONTROLLING SHAREHOLDERS’ INTERESTS IN COMPETING BUSINESS

Each of our controlling Shareholders and Directors confirms that he/she/it or his/her/its respective close associates was not interested in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules, during the year ended 31 December 2021.

PERMITTED INDEMNITY PROVISION

Every Director, Auditor or other officers of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director, Auditor or other officers of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted. Subject to the Companies Law, if any Director or other person shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge, or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Director or person so becoming liable as aforesaid from any loss in respect of such liability. Such provisions were in force throughout the year ended 31 December 2021 and are currently in force. The Company has arranged for appropriate insurance cover for Directors’ liabilities in respect of legal actions that may be brought against the Directors.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company’s Shares were listed on the Main Board of the Stock Exchange on 22 October 2020, with a total of 250,000,000 Shares being issued. Based on the final offer price of HK$2.40 per Share, the net proceeds from the Global Offering to be received by the Company, after deduction of underwriting fees and commission, and other estimated expenses payable by the Company in connection with the Global Offering are approximately HK$571.2 million. Details of the Group’s use of proceeds from the Global Offering as of 31 December 2021 are set out in the section headed “Management Discussion and Analysis — Use of Proceeds” in this annual report.

CONNECTED TRANSACTIONS

Non-exempt Continuing Connected Transactions

For the year ended 31 December 2021, our Group has entered into various non-exempt continuing connected transactions with the following connected persons of the Company:

- Modern Land, which was ultimately owned as to 66.11% by Mr. Zhang Lei, is an associate of Mr. Zhang Lei and our connected person.

- Modern Land Group, comprising Modern Land and its subsidiaries.

- Modern Investment Group Co., Ltd. (“**Modern Investment**”) which was ultimately owned by Mr. Zhang Peng as to 99.99% and Mr. Long Han as to 0.01% and hence an associate of Mr. Zhang Peng and our connected person.

- Modern Investment and its subsidiaries and 30%-controlled companies (as defined under the Listing Rules) (collectively, the "**Modern Investment Group**").

- First Assets, which as of 31 December 2021, was ultimately owned by Mr. Zhang Peng as to 99.99% and Mr. Long Han as to 0.01% and hence an associate of Mr. Zhang Peng and our connected person.

- First Assets and its subsidiaries and 30%-controlled companies (as defined under the Listing Rules) (collectively, the "**First Assets Group**").

- Super Land Holdings Limited ("**Super Land**"), which was ultimately and wholly-owned by a discretionary family trust, of which Mr. Zhang Lei, his family members and certain other individuals are beneficiaries, and hence an associate of Mr. Zhang Lei and our connected person,

- Super Land and the joint ventures and associates (as defined under the IFRS) that Super Land had invested in through the Modern Land Group (collectively, the "**Super Land Group**").

- First Living, our non-wholly owned subsidiary, which is owned as to (i) 72.1% by our Company, (ii) 8.1% by New Momentum (Beijing) Construction Technology Co., Ltd. ("**New Momentum**") and Zhihui Hongye Investment (Beijing) Co., Ltd. ("**Zhihui Hongye**"), and (iii) 3.8% by Mr. Zhang Lei. New Momentum and Zhihui Hongye are ultimately owned by Mr. Zhang Lei, and First Living is therefore a connected subsidiary under to Rule 14A.16(1) of the Listing Rules.

- The First Living Group comprises of First Living and its subsidiaries, including without limitation (i) First Living Engineering, (ii) Anhui MOMA Human Environmental Technology Co., Ltd. and (iii) Beijing MOMA Human Environment Technology Co., Ltd..

Master Energy Operation Services Agreement with First Living

We entered into a master energy operation service agreement on 28 September 2020 with First Living (the "**First Living Master Energy Operation Services Agreement**"), pursuant to which we will procure energy operation services from the First Living Group, where it operates energy stations to provide central heating and central cooling. The service fees would be determined by the parties in a fair and reasonable manner, having regard to the scale of the energy operation services provided by the First Living Group, fair market and local authorities' energy unit prices and energy station operating costs. The terms and conditions offered by the First Living Group to our Group shall not be less favourable than to those of the same type of energy operation services offered by an independent third party.

The First Living Master Energy Operation Services Agreement has become effective from the Listing Date and is valid until 31 December 2022.

The annual caps for the First Living Master Energy Operation Services Agreement for the year ended/ending 31 December 2020, 2021 and 2022 amounted to RMB14.0 million, RMB22.0 million and RMB30.0 million, respectively. The aggregate transaction amount incurred in accordance with the First Living Master Energy Operation Services Agreement for the year ended 31 December 2021 was RMB12.5 million (2020: RMB11.9 million).

Master Maintenance Services Agreement with Modern Investment

We entered into a master maintenance service agreement on 28 September 2020 with Modern Investment (the "**Modern Investment Master Maintenance Services Agreement**"), pursuant to which we will procure maintenance services from the Modern Investment Group (including the First Assets Group), which comprise mainly of elevator system and other ad hoc maintenance services. The Modern Investment Master Maintenance Services Agreement has become effective from the Listing Date and is valid until 31 December 2022.

Reasons for entering into the Modern Investment Master Maintenance Services Agreement include: (i) relevant members of the Modern Investment Group (including the First Assets Group) possess the necessary qualifications and expertise to provide the required maintenance services to our Group and (ii) such services have been provided to our Group for long term and are of good quality.

The annual caps for the Modern Investment Master Maintenance Services Agreement for the year ended/ending 31 December 2020, 2021 and 2022 amount to RMB10.0 million, RMB10.0 million and RMB10.0 million, respectively. The aggregate transaction amount incurred in accordance with the Modern Investment Master Maintenance Services Agreement for the year ended 31 December 2021 was RMB3.4 million (2020: RMB9.6 million).

Master Lease Agreement with Modern Investment

We entered into a master lease agreement on 28 September 2020 with Modern Investment (the "**Modern Investment Master Lease Agreement**"), pursuant to which members of the Group will enter into individual lease agreements with members of the Modern Investment Group (including the First Assets Group) setting out specific terms and conditions such as relevant property, rental fees and rental period.

The Modern Investment Master Lease Agreement has become effective from the Listing Date and is valid until 31 December 2022.

The annual caps for the Modern Investment Master Lease Agreement for the year ended/ending 31 December 2020, 2021 and 2022 amounted to RMB5.0 million, RMB5.0 million and RMB5.0 million, respectively. The aggregate transaction amount incurred in accordance with the Modern Investment Master Lease Agreement for the year ended 31 December 2021 was RMB2.0 million (2020: RMB2.8 million).

Master Software and Services Agreement with Modern Investment

We entered into a master software and services agreement on 28 September 2020 with Modern Investment (the "**Modern Investment Master Software and Services Agreement**"), pursuant to which members of the Modern Investment Group (including the First Assets Group) will purchase the license for the use of various modules of the software system, according to their business needs and our Group will also provide supporting services to members of the Modern Investment Group (including the First Assets Group) at an annual fee.

The Modern Investment Master Software and Services Agreement has become effective from the Listing Date and is valid until 31 December 2022.

It is expected that as their business grow, members of the Modern Investment Group may need to purchase licenses for the use of more modules to enable more sophisticated functionalities. They also require regular supporting services for the software system.

The annual caps for the Modern Investment Master Software and Services Agreement for the year ended/ending 31 December 2020, 2021 and 2022 amounted to RMB4.0 million, RMB4.0 million and RMB4.0 million, respectively. The aggregate transaction amount incurred in accordance with the Modern Investment Master Software and Services Agreement for the year ended 31 December 2021 was nil (2020: RMB4.0 million).

Master Software and Services Agreement with First Living

We entered into a master software and services agreement on 28 September 2020 with First Living (the "**First Living Master Software and Services Agreement**"), pursuant to which members of the First Living Group will purchase the license for the use of various modules of our office management software system, according to their business needs and our Group will also provide supporting services to members of the First Living Group at an annual fee.

The First Living Master Software and Services Agreement has become effective from the Listing Date and is valid until 31 December 2022.

The annual caps for the First Living Master Software and Services Agreement for the year ended/ending 31 December 2020, 2021 and 2022 amounted to RMB1.0 million, RMB1.0 million and RMB1.0 million, respectively. The aggregate transaction amount incurred in accordance with the First Living Master Software and Services Agreement for the year ended 31 December 2021 was nil (2020: RMB1.0 million).

Master Property Management Agreement with Modern Land

We entered into a master property management agreement on 4 December 2019 with Modern Land (the "**Modern Land Master Property Management Agreement**"), pursuant to which our Group will provide property management services, energy operation services and value-added services, including parking space management services and sales assistance services to the Modern Land Group.

The Modern Land Master Property Management Agreement has become effective on 1 January 2020 and is valid until 31 December 2022.

Property management services, energy operation services and value-added services are among our principal businesses. The transactions contemplated under the Modern Land Master Property Management Agreement will ensure a stable source of revenue during its term.

The annual caps for the Modern Land Master Property Management Agreement for the year ended/ending 31 December 2020, 2021 and 2022 amounted to RMB115.0 million, RMB120.0 million and RMB125.0 million, respectively. The aggregate transaction amount incurred in accordance with the Modern Land Master Property Management Agreement for the year ended 31 December 2021 was RMB107.1 million (2020: RMB111.3 million).

Master Property Management Agreement with Modern Investment

We entered into a master property management agreement on 28 September 2020 with Modern Investment (the "**Modern Investment Master Property Management Agreement**"), pursuant to which our Group agreed to provide property management services, energy operation services and value-added services, including communal area leasing services to the Modern Investment Group (including the First Assets Group).

The Modern Investment Master Property Management Agreement has become effective from the Listing Date and is valid until 31 December 2022.

Property management services, energy operation services and value-added services are among our principal businesses. The transactions contemplated under the Modern Investment Master Property Management Agreement will ensure a stable source of revenue during its term.

The annual caps for the Modern Investment Master Property Management Agreement for the year ended/ending 31 December 2020, 2021 and 2022 amount to RMB20.0 million, RMB23.0 million and RMB26.0 million, respectively. The aggregate transaction amount incurred in accordance with the Modern Investment Master Property Management Agreement for the year ended 31 December 2021 was RMB7.2 million (2020: RMB12.9 million).

Master Property Management Agreement with Super Land

We entered into a master property management agreement on 28 September 2020 with Super Land (the "**Super Land Master Property Management Agreement**"), pursuant to which our Group agreed to provide property management services and value-added services, including parking space management services and sales assistance services to the Super Land Group.

The Super Land Master Property Management Agreement has become effective from the Listing Date and is valid until 31 December 2022.

Property management services and value-added services are among our principal businesses. The transactions contemplated under the Super Land Master Property Management Agreement will ensure a stable source of revenue during its term.

The annual caps for the Super Land Master Property Management Agreement for the year ended/ending 31 December 2020, 2021 and 2022 amounted to RMB44.0 million, RMB50.0 million and RMB54.0 million, respectively. The aggregate transaction amount incurred in accordance with the Cooperation Agreement for the year ended 31 December 2021 was RMB19.2 million (2020: RMB37.9 million).

Master Contracting Services Agreement with Modern Land

We entered into a master contracting services agreement on 4 December 2019 with Modern Land (the "**Modern Land Master Contracting Services Agreement**"), pursuant to which our Group would provide systems installation services to the Modern Land Group.

The Modern Land Master Contracting Services Agreement has become effective on 1 January 2020 and is valid until 31 December 2022.

The transactions contemplated under the Modern Land Master Contracting Services Agreement will ensure a stable source of revenue during its term.

The annual caps for the Modern Land Master Contracting Services Agreement for the year ended/ending 31 December 2020, 2021 and 2022 amounted to RMB30.0 million, RMB31.0 million and RMB32.0 million, respectively. The aggregate transaction amount incurred in accordance with the Modern Land Master Contracting Services Agreement for the year ended 31 December 2021 was RMB30.9 million (2020: RMB28.4 million).

Master Contracting Services Agreement with Modern Investment

We entered into a master contracting services agreement on 28 September 2020 with Modern Investment (the "**Modern Investment Master Contracting Services Agreement**"), pursuant to which our Group would provide systems installation services to the Modern Investment Group (including the First Assets Group).

The Modern Investment Master Contracting Services Agreement has become effective from the Listing Date and is valid until 31 December 2022.

The transactions contemplated under the Modern Investment Master Contracting Services Agreement will ensure a stable source of revenue during its term.

The annual caps for the Modern Investment Master Contracting Services Agreement for the year ended/ending 31 December 2020, 2021 and 2022 amounted to RMB0.5 million, RMB0.5 million and RMB0.5 million, respectively. The aggregate transaction amount incurred in accordance with the Modern Investment Master Contracting Services Agreement for the year ended 31 December 2021 was nil (2020: RMB0.5 million).

Master Contracting Services Agreement with Super Land

We entered into a master contracting services agreement on 28 September 2020 with Super Land (the "**Super Land Master Contracting Services Agreement**"), pursuant to which our Group would provide systems installation services to the Super Land Group.

The Super Land Master Contracting Services Agreement has become effective from the Listing Date and is valid until 31 December 2022.

The transactions contemplated under the Super Land Master Contracting Services Agreement will ensure a stable source of revenue during its term.

The annual caps for the Super Land Master Contracting Services Agreement for the year ended/ending 31 December 2020, 2021 and 2022 amounted to RMB5.0 million, RMB31.0 million and RMB33.0 million, respectively. The aggregate transaction amount incurred in accordance with the Super Land Master Contracting Services Agreement for the year ended 31 December 2021 was RMB20.2 million (2020: RMB4.8 million).

Master Energy-conservation Advisory Agreement with Modern Land

We entered into a master energy-conservation advisory agreement on 4 December 2019 with Modern Land (the "**Modern Land Master Energy-conservation Advisory Agreement**"), pursuant to which our Group would supply AIRDINO systems, and provide green technology consulting services to the Modern Land Group.

The Modern Land Master Energy-conservation Advisory Agreement has become effective on 1 January 2020 and is valid until 31 December 2022.

The transactions contemplated under the Modern Land Master Energy-conservation Advisory Agreement will ensure a stable source of revenue during the term of the agreement.

The annual caps for the Modern Land Master Energy-conservation Advisory Agreement for the year ending 31 December 2020, 2021 and 2022 amounted to RMB30.0 million, RMB31.0 million and RMB32.0 million, respectively. The aggregate transaction amount incurred in accordance with the Modern Land Master Energy-conservation Advisory Agreement for the year ended 31 December 2021 was RMB13.4 million (2020: RMB25.0 million).

Master Energy-conservation Advisory Agreement with Super Land

We entered into a master energy-conservation advisory agreement on 28 September 2020 with Super Land ("**Super Land Master Energy-conservation Advisory Agreement**"), pursuant to which our Group will supply AIRDINO systems, and provide green technology consulting services to the Super Land Group.

The Super Land Master Energy-conservation Advisory Agreement has become effective on the Listing Date and is valid until 31 December 2022.

The transactions contemplated under the Super Land Master Energy-conservation Advisory Agreement will ensure a stable source of revenue during the term of the agreement.

The annual caps for the Super Land Master Energy-conservation Advisory Agreement for the year ended/ending 31 December 2020, 2021 and 2022 amounted to RMB12.0 million, RMB14.0 million and RMB15.0 million, respectively. The aggregate transaction amount incurred in accordance with the Super Land Master Energy-conservation Advisory Agreement for the year ended 31 December 2021 was RMB6.4 million (2020: RMB11.9 million).

Connected Transactions Conducted During the Year Ended 31 December 2021

On 30 June 2021, First Property, an indirect wholly-owned subsidiary of the Company, entered into two maximum guarantee agreements as the guarantor in favor of Bank of China Limited Beijing Dongcheng Sub-branch (中國銀行股份有限公司北京東城支行) (the "**Bank**"), pursuant to which First Property agreed to provide guarantees for the due performance of the repayment obligations of each of First Living and First Living Engineering to the Bank up to RMB20 million in aggregate under the loan facility agreements entered into between the Bank and each of First Living and First Living Engineering. At the same time, First Assets has provided a counter-guarantee to First Property in respect of 27.9% of its guarantee obligations under the maximum guarantee agreements. For details, please refer to the announcement of the Company dated 30 June 2021.

Confirmation from the independent non-executive Directors

The independent non-executive Directors have reviewed and confirmed that the above continuing connected transactions have been entered into: (i) in the ordinary and usual course of the Group's business; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreement governing them and on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Confirmations from the Auditor

The Auditor was engaged to report on the Group's continuing connected transactions for the year ended 31 December 2021 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 (Revised), "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Auditor has issued its letter to the Board containing its findings and conclusions in respect of the continuing connected transactions as set out above 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 which stated that:

a) nothing has come to the attention of the Auditor that causes the Auditor to believe that the above 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 attention of the Auditor that causes the Auditor to believe that the above continuing connected transactions were not, in all material respects, in accordance with the pricing policies of the Group;

c) nothing has come to the attention of the Auditor that causes the Auditor to believe that the above continuing connected 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 above continuing connected transactions, nothing has come to the attention of the Auditor that causes the Auditor to believe that the continuing connected transactions disclosed above have exceeded the annual cap as set by the Company.

During the year ended 31 December 2021, save as disclosed above, no related party transactions disclosed in note 30 to the consolidated financial statements constituted a connected transaction or continuing connected transaction which should be disclosed pursuant to the Listing Rules. The Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions entered into by the Group during the year under review.

ANNUAL GENERAL MEETING

The AGM of the Company will be held on Tuesday, 21 June 2022. A notice convening the AGM and all other relevant documents will be published and dispatched to the Shareholders of the Company in the manner required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement of the Shareholders to attend the AGM, the register of members of the Company will be closed from Thursday, 16 June 2022 to Tuesday, 21 June 2022 (both days inclusive). To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 54th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 15 June 2022.

For determining the entitlement of the Shareholders to receive the final dividend, the register of members of the Company will also be closed from Monday, 27 June 2022 to Wednesday, 29 June 2022 (both days inclusive). To be eligible to receive the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 54th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 24 June 2022.

CORPORATE GOVERNANCE

The Company's corporate governance principles and practices are set out in the Corporate Governance Report from pages 46 to 59 of this annual report.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and policies adopted by the Group and discussed the Group's risk management, internal controls and financial reporting matters with the management. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2021.

AUDITOR

The financial statements for the year ended 31 December 2021 have been audited by KPMG who shall retire at the AGM and, being eligible, will offer itself for re-appointment. A resolution will be proposed at the AGM to re-appoint KPMG as the Auditor.

Save as otherwise stated, all references above to other sections, reports or notes in this annual report form part of this Directors' Report.

On behalf of the Board
Zhang Peng
Chairman

28 April 2022

Independent auditor's report to the shareholders of
First Service Holding Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of First Service Holding Limited ("**the Company**") and its subsidiaries ("**the Group**") set out on pages 89 to 178, which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash 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 International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("**the Code**") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Expected credit loss allowances for trade receivables (including amounts due from related parties) and contract assets

Refer to Notes 20, 21 and 27(a) to the consolidated financial statements and the accounting policies on pages 107 to 109.

The Key Audit Matter

As at 31 December 2021, the Group's gross trade receivables was RMB476 million, including RMB310 million due from third parties and RMB166 million due from related parties. An allowance for expected credit losses (ECLs) amounted to RMB138 million was provided as at 31 December 2021.

As at 31 December 2021, the Group's gross contract assets was RMB46 million, against which an allowance for ECLs amounted to RMB18 million was provided.

The Group's trade receivables and contract assets arising from contracts with customers mainly derived from property owners and property developers.

Management measured the loss allowance at an amount equal to lifetime ECLs of the trade receivables and contract assets based on the loss patterns for different group of customers, aging of trade receivables and loss rates. The loss allowance also takes into account current market conditions and forward-looking information.

How the matter was addressed in our audit

Our audit procedures to assess ECL allowances for trade receivables (including amounts due from related parties) and contract assets included the following:

- obtaining an understanding of and evaluating the design, implementation and operating effectiveness of key internal controls;
- evaluating the Group's policy for estimating the credit loss allowance with reference to the requirements of the prevailing accounting standards;
- obtaining an understanding of the key data and assumptions in the ECL model adopted by management, including the segmentation of trade receivables and contract assets based on credit risk characteristics and estimated loss rates;

KEY AUDIT MATTER *(Continued)*

Expected credit loss allowances for trade receivables (including amounts due from related parties) and contract assets *(continued)*

Refer to Notes 20, 21 and 27(a) to the consolidated financial statements and the accounting policies on pages 107 to 109.

The Key Audit Matter	How the matter was addressed in our audit
Certain related parties of the Group have encountered liquidity issues since October 2021 due to the adverse impact of a number of factors including the macroeconomic environment, the real estate industry environment and the COVID-19 pandemic. Given the different credit risks of these related parties compared to those of the third party customers, management segmented the trade receivables and contract assets into different groups for the purpose of measuring the loss allowance. As at 31 December 2021, the loss allowances for trade receivables and contract assets due from related parties was determined by an external specialist based on an expected recovery rate derived from historical market data and adjusted for industry specific information and differences between economic conditions during the period over which the historical data has been collected and current conditions. We identified the ECL allowances for trade receivables (including amounts due from related parties) and contract assets as a key audit matter because the balances of trade receivables and contract assets are material to the Group and determining the loss allowance is inherently subjective and requires the exercise of significant management judgement.	• assessing the appropriateness of estimate of loss allowance by examining the information used by management to derive such estimate, including testing the accuracy of the historical default data and evaluating whether historical loss rates were appropriately adjusted for current market conditions and forward-looking information; • assessing whether items in the trade receivables aging report were categorised in the appropriate customer type as well as the appropriate aging bracket by comparing a sample of individual items with the demand notes, sales invoices and other relevant underlying documentation; • re-performing the calculation of the loss allowance as at 31 December 2021; • evaluating the independence, competence and experience of the external specialist engaged by management; • involving our internal specialists to evaluate the appropriateness of model used by the external specialist to estimate the ECL allowances with references to the prevailing accounting standards and challenging the key assumptions adopted, including those relating to the expected recovery rate by comparing to market information and considering the possibility of management bias in the determination of key assumptions adopted; and • assessing the disclosures of credit loss in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

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

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

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

The engagement partner on the audit resulting in this independent auditor's report is Choi Chung Chuen.

Certified Public Accountants

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

29 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

	Note	2021 RMB'000	2020 RMB'000 Restated Note 31(a)
Revenue	4	**1,119,869**	775,367
Cost of sales		**(784,506)**	(507,857)
Gross profit		**335,363**	267,510
Other net income	5	**22,791**	26,784
Selling expenses		**(18,220)**	(9,649)
Administrative expenses		**(186,522)**	(151,859)
Expected credit loss on trade receivables and contract assets	27(a)	**(113,135)**	(10,236)
Finance costs		**(459)**	(235)
Share of loss of an associate		**(531)**	(637)
Share of profit/(loss) of joint ventures		**5**	(6)
Profit before taxation	6	**39,292**	121,672
Income tax	7	**(5,683)**	(22,069)
Profit for the year		**33,609**	99,603
Other comprehensive income for the year (after tax and reclassification adjustments)	10		
Item that will not be reclassified to profit or loss:			
Equity investment at fair value through other comprehensive income ("**FVOCI**") — net movement in fair value reserves (non-recycling)		**(1,070)**	690
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**(7,707)**	(4,253)
Other comprehensive income for the year		**(8,777)**	(3,563)
Total comprehensive income for the year		**24,832**	96,040

The notes on pages 97 to 178 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

	Note	2021 *RMB'000*	2020 *RMB'000* *Restated* *Note 31(a)*
Profit for the year attributable to:			
Equity shareholders of the Company		**35,466**	92,581
Non-controlling interests		**(1,857)**	7,022
Profit for the year		**33,609**	99,603
Total comprehensive income attributable to:			
Equity shareholders of the Company		**26,689**	89,018
Non-controlling interests		**(1,857)**	7,022
Total comprehensive income for the year		**24,832**	96,040
Earnings per share	*11*		
Basic and diluted *(RMB)*		**0.0356**	0.1159

The notes on pages 97 to 178 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021
(Expressed in RMB)

	Note	2021 RMB'000	2020 RMB'000 Restated Note 31(a)
Non-current assets			
Investment properties	12	14,868	14,638
Property, plant and equipment	13	11,615	7,814
Intangible assets	14	40,506	7,017
Goodwill	15	181,696	–
Interest in joint ventures		47	744
Interest in an associate		–	1,882
Other financial assets	17	5,493	6,920
Deferred tax assets	24(b)	34,198	12,574
		288,423	51,589
Current assets			
Inventories	18	813	795
Contract assets	20(a)	28,338	28,627
Trade and other receivables	21	425,017	307,155
Financial assets measured at fair value through profit or loss ("**FVPL**")	19	97,587	89,099
Restricted cash	22(a)	21,870	2,449
Cash and cash equivalents	22(a)	495,826	734,040
		1,069,451	1,162,165

The notes on pages 97 to 178 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021
(Expressed in RMB)

	Note	2021 RMB'000	2020 RMB'000 Restated Note 31(a)
Current liabilities			
Trade and other payables	23	323,665	256,709
Contract liabilities	20(b)	274,862	278,331
Bank loans	25	20,508	–
Current taxation	24(a)	16,963	4,304
Contingent consideration — current portion	31(b)	5,812	–
		641,810	539,344
Net current assets		427,641	622,821
Total assets less current liabilities		716,064	674,410
Non-current liabilities			
Deferred tax liabilities	24(b)	8,842	995
Contingent consideration — non-current portion	31(b)	33,702	–
		42,544	995
NET ASSETS		673,520	673,415
CAPITAL AND RESERVES	26		
Share capital		1	1
Reserves		637,477	652,856
Total equity attributable to equity shareholders of the Company		637,478	652,857
Non-controlling interests		36,042	20,558
TOTAL EQUITY		673,520	673,415

Approved and authorised for issue by the board of directors on 29 March 2022.

Liu Peiqing
Director

Zhu Li
Director

The notes on pages 97 to 178 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

		Attributable to equity shareholders of the Company										
	Note	Share capital *RMB'000*	Share premium *RMB'000*	Employee share trusts *RMB'000*	Capital reserve *RMB'000*	Statutory surplus reserves *RMB'000*	Exchange reserve *RMB'000*	Fair value reserve *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2020 (as previously reported)		–	–	–	194,269	6,417	–	–	42,429	243,115	33,593	276,708
Adjustments in relation to the acquisition of subsidiaries under common control		–	–	–	100	146	–	–	1,108	1,354	–	1,354
Balance at 1 January 2020 (as restated)		–	–	–	194,369	6,563	–	–	43,537	244,469	33,593	278,062
Changes in equity for 2020:												
Profit for the year (as restated)		–	–	–	–	–	–	–	92,581	92,581	7,022	99,603
Other comprehensive income (as restated)		–	–	–	–	–	(4,253)	690	–	(3,563)	–	(3,563)
Total comprehensive income (as restated)		–	–	–	–	–	(4,253)	690	92,581	89,018	7,022	96,040
Issuance of shares	*26(b)*	1	103,164	–	–	–	–	–	–	103,165	–	103,165
Capitalisation of shares	*26(b)*	*	*	–	–	–	–	–	–	–	–	–
Issue of ordinary shares upon initial public offering, net of issuing costs	*26(b)*	*	485,966	–	–	–	–	–	–	485,966	–	485,966
Deemed distribution *(note (i))*		–	–	–	(283,754)	–	–	–	–	(283,754)	–	(283,754)
Deemed contribution from the then equity shareholder *(note (ii))*		–	–	–	10,000	–	–	–	–	10,000	–	10,000
Appropriation to statutory reserves		–	–	–	–	11,061	–	–	(11,061)	–	–	–
Acquisition of non-controlling interests *(note (iii))*		–	–	–	15,348	–	–	–	–	15,348	(15,426)	(78)
Capital contribution from non-controlling shareholders		–	–	–	–	–	–	–	–	–	2,014	2,014
Cash dividend declared to the then shareholders *(note (iv))*		–	–	–	–	–	–	–	(11,355)	(11,355)	(6,645)	(18,000)
Balance at 31 December 2020 (as restated)		1	589,130	–	(64,037)	17,624	(4,253)	690	113,702	652,857	20,558	673,415

* Amounts less than RMB1,000.

The notes on pages 97 to 178 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

		Attributable to equity shareholders of the Company										
	Note	Share capital RMB'000	Share premium RMB'000	Employee share trusts RMB'000	Capital reserve RMB'000	Statutory surplus reserves RMB'000	Exchange reserve RMB'000	Fair value reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2021 (as previously reported)		1	589,130	–	(64,137)	17,478	(4,253)	690	114,842	653,751	20,558	674,309
Adjustments in relation to the acquisition of subsidiaries under common control		–	–	–	100	146	–	–	(1,140)	(894)	–	(894)
Balance at 1 January 2021 (as restated)		1	589,130	–	(64,037)	17,624	(4,253)	690	113,702	652,857	20,558	673,415
Changes in equity for 2021:												
Profit for the year		–	–	–	–	–	–	–	35,466	35,466	(1,857)	33,609
Other comprehensive income		–	–	–	–	–	(7,707)	(1,070)	–	(8,777)	–	(8,777)
Total comprehensive income		–	–	–	–	–	(7,707)	(1,070)	35,466	26,689	(1,857)	24,832
Dividends approved in respect of the previous year	26(c)	–	–	197	–	–	–	–	(33,190)	(32,993)	–	(32,993)
Acquisition of subsidiaries under common control	31(a)	–	–	–	(2,320)	–	–	–	–	(2,320)	–	(2,320)
Acquisition of non-controlling interests		–	–	–	535	–	–	–	–	535	(915)	(380)
Acquisition of subsidiaries from third parties	31(b)	–	–	–	–	–	–	–	–	–	17,307	17,307
Acquisition of shares for a share award scheme	26(d)	–	–	(7,290)	–	–	–	–	–	(7,290)	–	(7,290)
Capital contribution from non-controlling shareholders		–	–	–	–	–	–	–	–	–	910	910
Disposal of subsidiaries		–	–	–	–	–	–	–	–	–	39	39
Appropriation to statutory reserves		–	–	–	–	5,942	–	–	(5,942)	–	–	–
Balance at 31 December 2021		1	589,130	(7,093)	(65,822)	23,566	(11,960)	(380)	110,036	637,478	36,042	673,520

Notes:

(i) The deemed distribution represents the considerations paid to acquire equity interests of First Property Service (Beijing) Co., Ltd. ("**First Property Management**") and First MOMA Human Environment Technology (Beijing) Co., Ltd. ("**First Living**") pursuant to the reorganisation prior to listing.

(ii) The deemed contribution from the then equity shareholder represents the considerations received from a company controlled by Mr. Zhang Lei for the investment funds which is delineated from the Group's businesses and had been transferred to an entity controlled by Mr. Zhang Lei in 2020 pursuant to the reorganisation prior to listing.

(iii) Acquisition of additional interest in subsidiaries from non-controlling shareholders in 2020 mainly represented acquisition of the non-controlling interests of First Living owned by a company controlled by Mr. Zhang Lei.

(iv) Cash dividend declared to the then shareholders represented dividend of RMB18,000,000 declared and paid by First Living to the then shareholders during the year of 2020.

The notes on pages 97 to 178 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

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

	Note	2021 *RMB'000*	2020 *RMB'000* *Restated* *Note 31(a)*
Operating activities			
Cash generated from operations	*22(b)*	**21,967**	106,558
Income tax paid	*24(a)*	**(20,730)**	(20,619)
Net cash generated from operating activities		**1,237**	85,939
Investing activities			
Proceeds on disposal of financial assets measured at FVPL		**401,832**	324,297
Repayments of loan receivables		**–**	140,000
Interest received		**4,528**	5,850
Proceeds on disposal of property, plant and equipment		**230**	82
Net cash (outflow)/inflow from disposals of subsidiaries	*22(d)*	**(48)**	1,376
Purchase of financial assets measured at FVPL		**(407,970)**	(333,391)
Net cash outflow on business combinations	*31(b)*	**(182,417)**	–
Purchases of property, plant and equipment		**(6,226)**	(2,965)
Purchases of intangible assets		**(2,343)**	(819)
Capital contribution to a joint venture		**(49)**	–
Cash inflow from disposals of joint ventures		**364**	–
Net cash (used in)/generated from investing activities		**(192,099)**	134,430

The notes on pages 97 to 178 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

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

	Note	2021 RMB'000	2020 RMB'000 Restated Note 31(a)
Financing activities			
Proceeds from issue of shares		–	103,165
Proceeds from issue of ordinary shares upon initial public offering		–	511,122
Capital injection from non-controlling interests		910	2,014
Proceeds from bank borrowings	22(c)	20,508	–
Dividend paid	22(c)	(33,190)	(56,391)
Deemed distribution paid		–	(283,754)
Deemed contribution received		–	10,000
Contribution to employee share trusts		(24,839)	–
Payments for business combination under common control	31(a)	(2,320)	–
Acquisition of non-controlling interests		(380)	(78)
Listing expense paid		–	(19,116)
Repayment of bank borrowings	22(c)	–	(9,997)
Interest paid	22(c)	(334)	(235)
Net cash (used in)/generated from financing activities		(39,645)	256,730
Net (decrease)/increase in cash and cash equivalent		(230,507)	477,099
Cash and cash equivalents at 1 January	22(a)	734,040	261,194
Effects of foreign exchange rate changes		(7,707)	(4,253)
Cash and cash equivalents at 31 December	22(a)	495,826	734,040

The notes on pages 97 to 178 form part of these financial statements.

1 GENERAL

The Company was incorporated in the Cayman Islands on 20 January 2020 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares were listed on the Main Board on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 22 October 2020 (the "**Listing**"). The Group are principally engaged in the provision of property management services, services in the area of green living solutions and value-added services in the People's Republic of China (the "**PRC**").

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

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

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2021 comprise the Company and its subsidiaries and the Group's interest in an associate and joint ventures.

As mentioned in Note 31(a), on 28 April 2021, the Group acquired the entire equity interests in First MOMA Real Estate Brokerage (Beijing) Co., Ltd. and its subsidiaries (collectively, the "**First Real Estate Brokerage Group**"). Immediately before and after the acquisition, the Group and First Real Estate Brokerage Group are under the control of Mr Zhang Lei. The control is not transitory and, consequently, there is a continuation of the risks and benefits to Mr Zhang Lei. Accordingly, the acquisition is treated as a business combination under common control. These financial statements have been prepared using the merger basis of accounting as if the acquisition was completed and First Real Estate Brokerage Group had been combined at the beginning of the comparative period. The comparative financial statements have been represented.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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

- investment property *(see Note 2(h))*
- financial instruments classified as financial assets measured at FVPL or FVOCI (see Note 2(g))
- contingent consideration *(see Note 2(f))*

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

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

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

The functional currency of the Company and the Company's subsidiaries outside the mainland China is Hong Kong dollars ("**HK$**"). The consolidated financial statements are presented in RMB as all of the Group's operations are conducted by the Company's subsidiaries established in the mainland China and the functional currency of which is RMB.

(c) Changes in accounting policies

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Subsidiaries and non-controlling interests

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

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

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Associates and joint ventures

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

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

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

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Business combinations and goodwill

Business combinations under common control

The Group uses merger accounting to account for the business combination of entities and businesses under common control, as if the acquisition is completed and the combining entities or businesses have been combined from the date when the combining entities or businesses first come under the control of the controlling party.

The assets and liabilities of the combining entities or businesses are combined using the carrying book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill to the extent of the continuation of the controlling party's interest.

The 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 come under the common control, where there is a shorter period, regardless of the date of the common control combination. Transaction costs incurred in relation to the common control combination is recognised as an expense in the period in which they were incurred.

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. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. 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 interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Contingent consideration arising from business combinations

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration that qualifies as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Business combinations and goodwill *(Continued)*

Goodwill represents the excess of

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

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

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

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

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

(g) Other investments in debt and equity securities

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

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

(i) Investments other than equity investments

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Other investments in debt and equity securities *(Continued)*

(i) Investments other than equity investments (Continued)

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

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

(ii) Equity investments

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

(h) Investment property

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Property, plant and equipment

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

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

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

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

— Machinery and equipment	3–5 years
— Vehicles	3–10 years
— Office and other equipment	3–5 years

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

(j) Intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable (see Note 2(x)). Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see Note 2(l)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 2(l)). Customer relationship represents customer contracts and related customer relationships acquired in business combination of property management companies. Operating rights represented the rights to operate energy stations acquired and were measured at cost upon initial recognition. Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Intangible assets *(Continued)*

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

— Software	5 years
— Customer relationship	10 years
— Operating rights	10 years

Both the period and method of amortisation are reviewed annually.

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

(k) Leased assets

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

(i) As a lessee

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Leased assets *(Continued)*

(i) As a lessee (Continued)

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

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

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

(ii) As a lessor

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Credit losses and impairment of assets

(i) Credit losses from financial instruments and contract assets

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

— financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables and loan receivables; and

— contract assets as defined in IFRS 15 (see Note 2(n)).

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

Measurement of ECLs

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

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

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

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

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

ECLs are measured on either of the following bases:

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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

Measurement of ECLs (Continued)

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

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

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

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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

Basis of calculation of interest income

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

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

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

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or past due event;

— it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

(ii) Impairment of non-current assets

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

— property, plant and equipment;

— intangible assets;

— investment in joint ventures and associates; and

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

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

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash- generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

— Recognition of impairment losses

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

— Reversals of impairment losses

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Inventories

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

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

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

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

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

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

(n) Contract assets and contract liabilities

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Trade and other receivables

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

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

(p) Cash and cash equivalents

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

(q) Trade and other payables

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

(r) Interest-bearing borrowings

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

(s) Employee benefits

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Employee benefits *(Continued)*

(ii) Share-based payments

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

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

(iii) Termination benefits

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

(t) Income tax

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(t) Income tax *(Continued)*

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

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

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(t) Income tax *(Continued)*

— the same taxable entity; or

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

(u) Provisions and contingent liabilities

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

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

(v) Revenue and other income

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(v) Revenue and other income *(Continued)*

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

(i) Property management services, energy operation services, green technology consulting services and value-added services.

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

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

Energy operation services mainly include services provided through energy stations for coordinating delivery of central heating, central cooling, fresh air ventilation and hot water supply, and energy operation services to property developers and property owners. For these services, the Group acts as a principal and entitles to revenue at the value of related service fee received or receivable, and revenue is recognised when the related services are rendered. Green technology consulting services are primarily provided to property developers. Payment of the transaction is due immediately when the services are rendered or in instalments at certain milestones.

Value-added services mainly include parking space management services to property developers and property owners, preliminary planning and design consultancy services to property developers, sales assistance services to property developers and property utilisation services to property developers and property owners. For parking space management services to property developers and property owners, the Group recognises revenue at the value of related service fee received or receivable on a monthly basis. For other value-added services, the Group recognises revenue when the respective services are rendered. Other value-added services are normally billable immediately upon the services are rendered or in instalments at certain milestones.

If contracts involve the provision of multiple services, the transaction prices are allocated to each performance obligation based on their relative stand-alone selling prices. If the stand- alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(v) Revenue and other income *(Continued)*

(ii) System installation services under the service line of green living solutions

When the outcome of a system installation service contract can be reasonably measured, revenue from the contract is recognised progressively over time using the cost-to-cost method, i.e. based on the proportion of the actual costs incurred relative to the estimated total costs.

The likelihood of the Group earning contractual bonuses for early completion or suffering contractual penalties for late completion are taken into account in making these estimates, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

When the outcome of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised in accordance with the policy set out in Note 2(l).

(iii) Sales of goods under the service line of green living solutions

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

(iv) Rental income from operating leases

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

(v) Dividends

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

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(v) Revenue and other income *(Continued)*

(vi) Interest income

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

(vii) Government grants

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

(w) Translation of foreign currencies

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

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

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

(x) Borrowing costs

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(y) Related parties

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(z) Segment reporting

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

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

3 ACCOUNTING JUDGEMENT AND ESTIMATES

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

Notes 15, 27(e) and 31(b) contains information about the assumptions and their risk factors relating to goodwill impairment, fair value of financial instruments and contingent consideration. Other key sources of estimation uncertainty in the preparation of the consolidated financial statements are as follows:

(i) Expected credit losses for receivables

The credit losses for trade and other receivables are based on assumptions about risk of expected credit loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see Note 27(a). Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional loss allowances in future periods.

(ii) Recognition of deferred tax assets

Deferred tax assets in respect of tax losses carried forward and deductible temporary differences are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the relevant assets and liabilities, using tax rates enacted or substantively enacted at the end of each reporting date. In determine the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future periods.

3 ACCOUNTING JUDGEMENT AND ESTIMATES *(Continued)*

(iii) Valuation of investment properties

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

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

4 REVENUE AND SEGMENT REPORTING

The principal activities of the Group are property management services, services in the area of green living solutions and value-added services. Further details regarding the Group's principal activities are disclosed in Note 4(b).

For the year ended 31 December 2021, revenue from Modern Land (China) Co., Limited and its subsidiaries ("**Modern Land Group**") contributed 13.52% (2020: 20.17%) of the Group's revenue. Other than Modern Land Group, the Group's customer base is diversified and none of them contributed 10% or more of the Group's revenue during the reporting period.

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

For property management services and energy operation services under the service line of green living solutions, the Group recognises revenue on a monthly basis in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed. The Group has elected the practical expedient for not to disclose the remaining performance obligations for this type of contracts. The majority of the property management service contracts and energy operation services under the service line of green living solutions do not have a fixed term.

For sale of goods under the service line of green living solutions, there is no significant unsatisfied performance obligation at the end of the reporting period.

For other services, they are rendered in short period of time and there is no significant unsatisfied performance obligation at the end of the reporting period.

4 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting

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

- First Property Management: this segment provides property management services, energy operation services under the service line of green living solutions and value-added services.

- First Living: this segment provides green technology consulting service, system installation services, sale of goods, and energy operation services under the service line of green living solutions.

(i) Segment results, assets and liabilities

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

Segment assets include all tangible, intangible assets, current assets, interests in associates and joint ventures, investments in financial assets and deferred tax assets. Segment liabilities include trade creditors and accruals and contract liabilities attributable to the revenue generating activities of the individual segment and bank borrowings managed directly by the segments.

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

The measure used for reporting segment profit is profit before tax.

4 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

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

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

	First Property Management		First Living		Total	
	2021 RMB'000	2020 RMB'000 Restated Note 31(a)	**2021 RMB'000**	2020 RMB'000 Restated Note 31(a)	**2021 RMB'000**	2020 RMB'000 Restated Note 31(a)
Disaggregated by timing of revenue recognition						
Revenue recognised over time	**1,027,806**	680,911	**87,870**	93,315	**1,115,676**	774,226
Revenue recognised at point in time	**–**	–	**16,678**	13,468	**16,678**	13,468
Reportable segment revenue	**1,027,806**	680,911	**104,548**	106,783	**1,132,354**	787,694
Disaggregated by major products or service lines						
Property management services	**611,076**	321,649	**–**	–	**611,076**	321,649
Green living solutions	**103,852**	97,825	**104,548**	106,783	**208,400**	204,608
Value-added services	**312,878**	261,437	**–**	–	**312,878**	261,437
Reportable segment revenue	**1,027,806**	680,911	**104,548**	106,783	**1,132,354**	787,694
Reportable segment profit/(loss)	**93,678**	99,401	**(52,305)**	22,123	**41,373**	121,524
Interest income	**2,748**	5,415	**40**	79	**2,788**	5,494
Interest expense	**–**	–	**459**	235	**459**	235
Depreciation and amortisation for the year	**6,981**	2,979	**707**	511	**7,688**	3,490
Impairment of intangible assets	**–**	–	**11,498**	–	**11,498**	–
Expected credit losses — trade receivables and contract assets	**70,587**	9,051	**42,548**	1,185	**113,135**	10,236
Reportable segment assets	**1,019,311**	760,113	**122,423**	124,289	**1,141,734**	884,402
Reportable segment liabilities	**622,717**	508,283	**92,884**	51,627	**715,601**	559,910

4 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

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

	2021 *RMB'000*	2020 *RMB'000* *Restated* *Note 31(a)*
Revenue		
Reportable segment revenue	1,132,354	787,694
Elimination of inter-segment revenue	(12,485)	(12,327)
Consolidated revenue	1,119,869	775,367

	2021 *RMB'000*	2020 *RMB'000* *Restated* *Note 31(a)*
Reportable segment profit		
Reportable segment profit	41,373	121,524
Unallocated head office and corporate (expenses) / profit before taxation	(2,081)	148
Consolidated profit before taxation	39,292	121,672

	2021 *RMB'000*	2020 *RMB'000* *Restated* *Note 31(a)*
Assets		
Reportable segment assets	1,141,734	884,402
Unallocated head office and corporate assets	523,480	575,502
Elimination of inter-segment balances	(307,340)	(246,150)
Consolidated total assets	1,357,874	1,213,754

4 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

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

	2021 *RMB'000*	2020 *RMB'000* *Restated* *Note 31(a)*
Liabilities		
Reportable segment liabilities	**715,601**	559,910
Unallocated head office and corporate liabilities	**3**	–
Elimination of inter-segment balances	**(31,250)**	(19,571)
Consolidated total liabilities	**684,354**	540,339

5 OTHER NET INCOME

	Note	2021 *RMB'000*	2020 *RMB'000* *Restated* *Note 31(a)*
Interest income	*(i)*	**4,528**	5,850
Government grants	*(ii)*	**15,519**	16,404
Net realised gains on financial assets measured at FVPL		**1,748**	2,846
Fair value gain of investment properties		**230**	234
Net valuation gains on financial assets measured at FVPL		**667**	590
Net (loss)/gain on disposal of property, plant and equipment		**(64)**	4
Gain/(loss) on disposal of subsidiaries *(Note 22(d))*		**88**	(176)
Gain on disposal of an associate and joint ventures		**362**	–
Fair value loss of contingent consideration		**(1,126)**	–
Gain on acquisitions of subsidiaries *(Note 31(b))*		**702**	–
Others		**137**	1,032
		22,791	26,784

Notes:

(i) The interest income represents the interest from cash at bank.

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

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Staff costs

	2021 *RMB'000*	2020 *RMB'000* *Restated* *Note 31(a)*
Salaries, wages and other benefits	337,485	213,313
Contributions to defined contribution retirement plan	43,254	12,207
Termination benefits	1,997	–
	382,736	225,520

Employees of the Group's subsidiaries in the PRC are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group's subsidiaries in the PRC contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees. According to the notice of concerning extending the period for implementing policies of temporary relief of social insurance contributions for enterprises issued by Ministry of Human Resources and Social Security, the Ministry of Finance and the State Taxation Administration, enterprises' contributions to the basic pension insurance, unemployment insurance and work-related injury insurance have been temporarily exempted and reduced in 2020.

Contributions to the retirement scheme vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contributions. The Group has no further material obligation for payment of other retirement benefits beyond the above contributions.

(b) Other items

	2021 *RMB'000*	2020 *RMB'000* *Restated* *Note 31(a)*
Amortisation cost of intangible assets *(Note 14)*	4,046	1,366
Depreciation charge *(Note 13)*		
— owned property, plant and equipment	3,642	2,124
Impairment loss on operating rights	11,498	–
Auditors' remuneration		
— audit services	2,800	1,415
— non-audit services	570	–
Listing expenses	–	26,797
Cost of inventories *(Note 18)*	8,397	8,514
Lease expenses		
— short-term leases	2,848	3,619

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

	2021 *RMB'000*	2020 *RMB'000* *Restated* *Note 31(a)*
Current tax — PRC Corporate Income Tax		
Provision for the year	27,872	22,506
Deferred tax		
Origination and reversal of temporary differences	(21,815)	(437)
Effect on deferred tax balances at 1 January resulting from a change in tax rate *(Note 24(b))*	(374)	–
	5,683	22,069

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

	2021 *RMB'000*	2020 *RMB'000* *Restated* *Note 31(a)*
Profit before taxation	39,292	121,672
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	9,823	30,418
Tax effect of PRC preferential tax *(note (ii))*	(5,463)	(9,200)
Tax effect of non-deductible expenses	1,951	771
Tax effect of tax losses not recognised	399	753
Tax effect of utilisation of tax losses not recognised in previous years	(653)	(673)
Effect on deferred tax balances at 1 January resulting from a change in tax rate	(374)	–
	5,683	22,069

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

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

Notes:

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

The income tax rate applicable to the Group's subsidiary incorporated in Hong Kong for the income subject to Hong Kong Profits Tax during the reporting period is 16.5%. No provision for Hong Kong Profits Tax has been made as the Group did not earn any income subject to Hong Kong Profits Tax during the reporting period (2020: Nil).

The Group's PRC subsidiaries are subject to PRC Enterprise Income Tax ("**EIT**") at 25%.

(ii) Certain subsidiaries have been approved as High and New Technology Enterprise ("**HNTE**") and entitled to a preferential income tax rate of 15% during the reporting period. The HNTE certificate needs to be renewed every three years.

Certain subsidiaries have been approved as Small Low-profit Enterprises. The entitled subsidiaries are subject to a preferential income tax rate of 2.5% to 10% during the reporting period.

Pursuant to the notice of the State Council on promulgation of several policies for further encouraging the development of software and integrated circuit industries, a subsidiary has been entitled to EIT exemptions for two years followed by a 50% EIT reduction of the statutory EIT rates for three years, starting from its first profit-making year.

8 DIRECTORS' EMOLUMENTS

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

	Directors' fee *RMB'000*	Basic salaries and allowance *RMB'000*	Discretionary bonus *RMB'000*	Retirement benefit contribution *RMB'000*	Total *RMB'000*
Year ended 31 December 2021					
Name of director					
Executive Directors					
Liu Peiqing	–	288	380	49	717
Jia Yan	–	478	729	50	1,257
Zhu Li	–	258	375	35	668
Jin Chungang	–	260	442	33	735
Non-executive Directors					
Zhang Peng	–	–	–	–	–
Long Han	–	–	–	–	–
Independent non-executive Directors					
Cheng Peng	100	–	–	–	100
Zhu Caiqing	100	–	–	–	100
Sun Jing	100	–	–	–	100
	300	1,284	1,926	167	3,677

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

8 DIRECTORS' EMOLUMENTS *(Continued)*

	Directors' fee *RMB'000*	Basic salaries and allowance *RMB'000*	Discretionary bonus *RMB'000*	Retirement benefit contribution *RMB'000*	Total *RMB'000*
Year ended 31 December 2020					
Name of director					
Executive Directors					
Liu Peiqing	–	192	316	43	551
Jia Yan	–	452	706	50	1,208
Zhu Li	–	189	317	27	533
Jin Chungang	–	205	349	30	584
Non-executive Directors					
Zhang Peng	–	–	–	–	–
Long Han	–	–	–	–	–
Independent non-executive Directors					
Cheng Peng (appointed on 21 July 2020)	17	–	–	–	17
Zhu Caiqing (appointed on 21 July 2020)	17	–	–	–	17
Sun Jing (appointed on 21 July 2020)	17	–	–	–	17
	51	1,038	1,688	150	2,927

The three independent directors were appointed on 21 July 2020, and all other directors were appointed on 20 January 2020. The emoluments shown above represents remuneration received from the Group by them in their capacity as employees of the Group during the reporting period.

During the reporting period, Mr. Zhang Peng and Mr. Long Han are not paid directly by the Group but receive remuneration from other entity controlled by Mr. Zhang Lei, in respect of their services to the larger group which includes the Group. No apportionment has been made as the qualifying services provided by them to the Group are incidental to their responsibilities to the larger group.

During the reporting period, no emoluments were paid by the Group to directors or any of the highest paid individual as disclosed in note 9 as an inducement to join or upon joining the Group or as compensation for loss of office, no director of the Group waived or agreed to waive any emoluments.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, four are directors whose emoluments are disclosed in Note 8 above for the year ended 31 December 2021 (2020: four). The aggregate of the emoluments in respect of the remaining individual for the year ended 31 December 2021 are as follows:

	2021 *RMB'000*	2020 *RMB'000*
Salaries and other emoluments	211	190
Discretionary bonuses	266	273
Retirement scheme contributions	38	38
	515	501

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

	2021	2020
Nil to HK$1,000,000	1	1

10 OTHER COMPREHENSIVE INCOME

Tax effects relating to each component of other comprehensive income

	2021			2020		
	Before-tax amount *RMB'000*	Tax expense *RMB'000*	Net-of-tax amount *RMB'000*	Before-tax amount *RMB'000* *Restated* *Note 31(a)*	Tax expense *RMB'000* *Restated* *Note 31(a)*	Net-of-tax amount *RMB'000* *Restated* *Note 31(a)*
Exchange differences on translation of financial statements of foreign operations	(7,707)	–	(7,707)	(4,253)	–	(4,253)
Equity investments at FVOCI: net movement in fair value reserve (non-recycling)	(1,427)	357	(1,070)	920	(230)	690
Other comprehensive income	(9,134)	357	(8,777)	(3,333)	(230)	(3,563)

11 EARNINGS PER SHARE

	2021 *RMB'000*	2020 *RMB'000*
Profits		
Profit attributable to equity shareholders of the Company	35,466	92,581

	2021 *'000*	2020 *'000*
Number of shares		
Weighted average number of ordinary shares *(note (i))*	996,081	798,497

Note:

(i) Weighted average of 996,081,000 ordinary shares for the year ended 31 December 2021 includes the effect of shares held by the employee share trusts (Note 26(d)). Weighted average of 798,497,000 ordinary shares for the year ended 31 December 2020, includes the weighted average of 250,000,000 ordinary shares issued immediately after the completion of placing, in addition to the 750,000,000 ordinary shares, being the number of shares in issue immediately after the completion of capitalization issue in October 2020 as detailed in Note 26 deemed to have been issued throughout the year ended 31 December 2020.

Diluted earnings per share were the same as the basic earnings per share as the Group had no dilutive potential shares for the years ended 31 December 2021 and 2020.

12 INVESTMENT PROPERTIES

	2021 *RMB'000*	2020 *RMB'000* *Restated* *Note 31(a)*
Fair value		
At 1 January	14,638	14,404
Change in fair value	230	234
At 31 December	14,868	14,638

12 INVESTMENT PROPERTIES *(Continued)*

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

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value	
	2021	2020
	RMB'000	*RMB'000*
		Restated
		Note 31(a)
Investment properties located in the PRC — Level 3	**14,868**	14,638

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

All of the Group's investment properties were revalued as at 31 December 2021 and 2020. The valuations were carried out by an independent firm, Beijing Tiantong Assets Valuation Limited, with recent experience in the location and category of property being valued. The Group's management have had discussion with the surveyors on the valuation assumptions and valuation.

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

Investment properties held by the Group in the consolidated statement of financial position	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties located in Jiujiang PRC (retails)	Income approach and market approach	Capitalisation rate, 3.5% (2020: 3.5%)	The higher the capitalisation rate, the lower the fair value.
	The key inputs are: 1. Capitalisation rate; 2. Unit rent of individual unit; 3. Market transaction price	Market price per sqm, RMB20,700 – RMB23,000 (2020: RMB21,300 – RMB22,500)	The higher the market transaction price, the higher the fair value.

12 INVESTMENT PROPERTIES *(Continued)*

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

The Group leases out investment property under operating lease. The lease typically run for an initial period of 10 years, with an option to renew the lease after that date at which time all terms are renegotiated.

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

	2021	2020
	RMB'000	*RMB'000*
		Restated
		Note 31(a)
Within 1 year	**377**	374
After 1 year but within 2 years	**389**	377
After 2 year but within 3 years	**400**	389
After 3 year but within 4 years	**412**	400
After 4 year but within 5 years	**423**	412
After 5 years	**890**	1,313
	2,891	3,265

13 PROPERTY, PLANT AND EQUIPMENT

	Machinery and equipment *RMB'000*	Vehicles *RMB'000*	Office and other equipment *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Cost:					
At 1 January 2020 (as previously reported)	2,159	736	10,426	285	13,606
Effect on acquisition of subsidiaries under common control	21	–	24	–	45
At 1 January 2020 *(as restated — Note 31(a))*	2,180	736	10,450	285	13,651
Additions *(as restated — Note 31(a))*	48	71	2,846	–	2,965
Disposals *(as restated — Note 31(a))*	(13)	–	(287)	–	(300)
Disposal of subsidiaries *(as restated — Note 31(a))*	–	–	–	(285)	(285)
At 31 December 2020 and 1 January 2021 *(as restated — Note 31(a))*	2,215	807	13,009	–	16,031
Additions	1,213	1,343	2,037	1,633	6,226
Acquisition of subsidiaries	104	1,169	445	–	1,718
Disposals	(152)	(304)	(230)	–	(686)
Disposal of subsidiaries	–	(220)	(8)	–	(228)
At 31 December 2021	3,380	2,795	15,253	1,633	23,061
Accumulated depreciation:					
At 1 January 2020 (as previously reported)	(742)	(478)	(5,068)	–	(6,288)
Effect on acquisition of subsidiaries under common control	(19)	–	(8)	–	(27)
At 1 January 2020 *(as restated — Note 31(a))*	(761)	(478)	(5,076)	–	(6,315)
Charge for the year *(as restated — Note 31(a))*	(236)	(56)	(1,832)	–	(2,124)
Written back on disposals *(as restated – Note 31(a))*	4	–	218	–	222
At 31 December 2020 and 1 January 2021 *(as restated — Note 31(a))*	(993)	(534)	(6,690)	–	(8,217)
Charge for the year	(1,123)	(987)	(1,532)	–	(3,642)
Written back on disposals	73	231	88	–	392
Written back on disposal of subsidiaries	–	17	4	–	21
At 31 December 2021	(2,043)	(1,273)	(8,130)	–	(11,446)
Carrying amount:					
At 31 December 2021	1,337	1,522	7,123	1,633	11,615
At 31 December 2020 *(as restated — Note 31(a))*	1,222	273	6,319	–	7,814

14 INTANGIBLE ASSETS

	Software *RMB'000*	Customer relationship *RMB'000*	Operating rights *RMB'000*	Total *RMB'000*
Cost:				
At 1 January 2020 *(as restated — Note 31(a))*	6,441	4,366	2,950	13,757
Purchased intangible *(as restated — Note 31(a))*	819	–	–	819
Disposal of subsidiaries *(as restated — Note 31(a))*	–	–	(2,950)	(2,950)
At 31 December 2020 and 1 January 2021 *(as restated — Note 31(a))*	7,260	4,366	–	11,626
Acquisition of subsidiaries	–	36,400	–	36,400
Purchased intangible assets	841	–	11,792	12,633
At 31 December 2021	8,101	40,766	11,792	60,659
Accumulated amortisation and impairment losses:				
At 1 January 2020 *(as restated — Note 31(a))*	(1,751)	(1,590)	(27)	(3,368)
Charge for the year *(as restated — Note 31(a))*	(863)	(405)	(98)	(1,366)
Disposal of subsidiaries *(as restated — Note 31(a))*	–	–	125	125
At 31 December 2020 and 1 January 2021 *(as restated — Note 31(a))*	(2,614)	(1,995)	–	(4,609)
Charge for the year	(443)	(3,309)	(294)	(4,046)
Impairment loss	–	–	(11,498)	(11,498)
At 31 December 2021	(3,057)	(5,304)	(11,792)	(20,153)
Net book value:				
At 31 December 2021	5,044	35,462	–	40,506
At 31 December 2020 *(as restated — Note 31(a))*	4,646	2,371	–	7,017

The amortisation charge for the year is included in "administrative expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

14 INTANGIBLE ASSETS *(Continued)*

Impairment loss

During the year ended 31 December 2021, operations under the operating rights was loss making for several months. Impairment loss was estimated based on the recoverable amount of RMB Nil. The operating right has been subsequent disposed to a third party in January 2022 (Note 34).

An impairment loss of RMB11,498,000 was recognised in "administrative expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

15 GOODWILL

	RMB'000
Cost:	
At 1 January 2020 and 31 December 2020	–
Additions *(Note 31(b))*	181,696
At 31 December 2021	181,696
Accumulated impairment losses:	
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	–
Carrying amount:	
At 31 December 2021	181,696
At 31 December 2020	–

15 GOODWILL *(Continued)*

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units (CGU) identified according to country of operation and operating segment as follows:

	2021	2020
	RMB'000	*RMB'000*
Dalian Yahang Property Management Co., Ltd. (大連亞航物業管理有限公司) ("**Dalian Yahang**")	**81,458**	–
Qingdao Luohang Enterprises Management Co., Ltd (青島洛航企業管理有限公司) ("**Qingdao Luohang**") and its subsidiaries	**100,238**	–
	181,696	–

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 3% which is consistent with the forecasts included in industry reports. The growth rates used do not exceed the long-term average growth rates for the business in which the CGU operates. The cash flows are discounted using a discount rate of 20%. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

16 INVESTMENT IN SUBSIDIARIES

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

Company name	**Place of incorporation/ establishment and operation**	**Particulars of issued and paid-up capital/ registered capital**	**Proportion of ownership interest**		**Principal activities**
			Held by the Company	**Held by a subsidiary**	
First Green Service Limited 第一綠色服務有限公司	the BVI	USD100/USD0	100%	–	Investment holding
First Service Holding (Hong Kong) Limited 第一服務控股(香港)有限公司	Hong Kong	10,000 shares	–	100%	Investment holding
First Property Management (Beijing) Co., Ltd 第一物業服務(北京)有限公司 *(Notes (ii) and (iii))*	The PRC	RMB100,000,000/ RMB100,000,000	–	100%	Property management

(Expressed in RMB unless otherwise indicated)

16 INVESTMENT IN SUBSIDIARIES *(Continued)*

Company name	Place of incorporation/ establishment and operation	Particulars of issued and paid-up capital/ registered capital	Proportion of ownership interest		Principal activities
			Held by the Company	Held by a subsidiary	
First MOMA Human Environment Technology (Beijing) Co., Ltd. 第一摩碼人居環境科技(北京)有限公司 *(Notes (i) and (iii))*	The PRC	RMB35,000,000/ RMB35,000,000	–	72.1%	Energy saving related services
Beijing MOMA Infinite Technology Management Co., Ltd. 北京摩碼無限科技管理有限公司 *(Notes (i) and (iii))*	The PRC	RMB1,000,000/ RMB0	–	100%	Technology development
Shanxi First Property Services Co., Ltd. 山西第一物業服務有限公司 *(Notes (i) and (iii))*	The PRC	RMB3,000,000/ RMB3,000,000	–	100%	Property management
Hunan First Property Services Co., Ltd. 湖南第一物業服務有限公司 *(Notes (i) and (iii))*	The PRC	RMB5,000,000/ RMB5,000,000	–	100%	Property management
Jiangxi First Property Services Co., Ltd. 江西第一物業服務有限公司 *(Notes (i) and (iii))*	The PRC	RMB3,000,000/ RMB3,000,000	–	100%	Property management
First MOMA Human Environment Architectural Engineering Co., Ltd. 第一摩碼人居建築工程(北京)有限公司 *(Notes (i) and (iii))*	The PRC	RMB30,000,000/ RMB30,000,000	–	100%	Energy saving related services
Dalian Yahang 大連亞航物業管理有限公司*(Notes (i) and (iii))*	The PRC	RMB50,000,000/ RMB1,000,000	–	80%	Property management
Qingdao Luohang 青島洛航企業管理有限公司*(Notes (i) and (iii))*	The PRC	RMB7,000,000/ RMB7,000,000	–	100%	Property management
First MOMA Real Estate Brokerage (Beijing) Co., Ltd. ("**First Real Estate Brokerage**") 第一摩碼房地產經紀(北京)有限公司 *(Notes (i) and (iii))*	The PRC	RMB1,000,000/ RMB0	–	100%	Real Estate brokerage

Notes:

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

(ii) This entity was registered as a wholly foreign-owned enterprise under the laws and regulations in the PRC.

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

17 OTHER FINANCIAL ASSETS — NON-CURRENT

	RMB'000 *Note (i)*
At 1 January 2020	6,000
Changes in fair value	920
At 31 December 2020 and 1 January	6,920
Changes in fair value	(1,427)
At 31 December 2021	5,493

Note:

(i) The Group designated its equity investment at FVOCI (non-recycling) as the investment is held for strategic purpose. No dividends were received from this investment during the reporting period.

18 INVENTORIES

	2021 **RMB'000**	2020 *RMB'000* *Restated* *Note 31(a)*
Goods for sales	**813**	795

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2021 **RMB'000**	2020 *RMB'000* *Restated* *Note 31(a)*
Carrying amount of inventories sold	**8,397**	8,514

19 FINANCIAL ASSETS MEASURED AT FVPL

	2021 *RMB'000*	2020 *RMB'000* *Restated* *Note 31(a)*
Wealth management products	**97,587**	89,099

20 CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	2021 *RMB'000*	2020 *RMB'000* *Restated* *Note 31(a)*
Arising from performance under contracts of green living solutions		
— Third parties	**2,616**	1,474
— Companies controlled by Mr. Zhang Lei	**16,871**	19,499
— Companies jointly controlled by Mr. Zhang Lei	**26,459**	7,729
Less allowance:		
— Third parties	**(233)**	(75)
— Companies controlled by Mr. Zhang Lei	**(6,765)**	–
— Companies jointly controlled by Mr. Zhang Lei	**(10,610)**	–
	28,338	28,627

As at 31 December 2021, the amounts of contract assets that is expected to be recovered after more than one year are RMB19,554,799 (2020: RMB7,279,105), all of which relate to related parties. All of the other contract assets are expected to be recovered within one year.

20 CONTRACT ASSETS AND CONTRACT LIABILITIES *(Continued)*

(a) Contract assets *(Continued)*

The movements in the ECL allowance for contract assets during the reporting period are as follows:

	2021 *RMB'000*	2020 *RMB'000* *Restated* *Note 31(a)*
At 1 January	75	266
Credit loss recognised	17,533	–
Written-off	–	(191)
At 31 December	17,608	75

(b) Contract liabilities

	2021 *RMB'000*	2020 *RMB'000* *Restated* *Note 31(a)*
Billings in advance of performance		
— Third parties	268,767	259,214
— Companies controlled by Mr. Zhang Lei	5,683	19,033
— Companies jointly controlled by Mr. Zhang Lei	–	84
— Companies controlled by Mr. Zhang Peng	412	–
	274,862	278,331

Movements in contract liabilities

	2021 *RMB'000*	2020 *RMB'000* *Restated* *Note 31(a)*
Balance at 1 January	278,331	226,566
Revenue recognised that was include in the balance of contract liabilities at the beginning of the year	(202,464)	(161,856)
Increase by cash received	198,995	213,621
Balance at 31 December	274,862	278,331

20 CONTRACT ASSETS AND CONTRACT LIABILITIES *(Continued)*

(b) Contract liabilities *(Continued)*

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

As at 31 December 2021, the amounts of contract liabilities expected to be recognised as income after more than one year are RMB43,653,000 (2020: RMB75,867,000).

21 TRADE AND OTHER RECEIVABLES

	2021 *RMB'000*	2020 *RMB'000* *Restated* *Note 31(a)*
Trade receivables from third parties	309,796	182,477
Less: ECL allowance	(71,702)	(47,980)
	238,094	134,497
Trade receivables from related parties	166,166	124,011
Less: ECL allowance	(66,633)	–
	99,533	124,011
Total trade receivables	337,627	258,508
Deposits and prepayments	34,898	19,415
Payments on behalf of property owners	19,989	4,223
Value added tax prepaid	10,249	9,526
Other receivables	22,878	16,107
Less: ECL allowance for other receivables	(624)	(624)
Other receivables	22,254	15,483
	425,017	307,155

21 TRADE AND OTHER RECEIVABLES *(Continued)*

Trade receivables are primarily related to revenue generated from property management and services in the area of green living solutions.

(a) Ageing analysis

As of the end of each reporting period, the ageing analysis of trade receivable based on the date of revenue recognition which is the same as the due date, and net of allowance for ECLs of trade receivables is as follows:

	2021 *RMB'000*	2020 *RMB'000* *Restated* *Note 31(a)*
Within 1 year	242,113	193,586
1 to 2 years	67,797	56,334
2 to 3 years	21,646	5,716
3 to 4 years	4,245	2,632
4 to 5 years	1,800	240
Over 5 years	26	–
	337,627	258,508

Trade receivables are due when the receivables are recognised. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 27(a).

(b) ECL allowance for trade receivables

The movements in the ECL allowance for trade receivables during the reporting period are as follows:

	2021 *RMB'000*	2020 *RMB'000* *Restated* *Note 31(a)*
At 1 January	47,980	37,876
Credit loss reversed	(11,267)	(11,459)
Credit loss recognised	106,869	21,886
Written-off	(7,650)	(73)
Effect on disposal of subsidiaries	–	(250)
Effect on acquisition of subsidiaries	2,403	–
At 31 December	138,335	47,980

22 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	Note	2021 *RMB'000*	2020 *RMB'000* *Restated* *Note 31(a)*
Cash on hand		**39**	158
Cash at bank		**517,657**	736,331
Less: restricted cash	*(i)*	**(21,870)**	(2,449)
		495,826	734,040

Note:

(i) At 31 December 2021, RMB17,549,000 (31 December 2020: nil) was held by employee share trusts for the purchase or subscription of shares as awarded to the eligible persons pursuant to the First Service Share Award Scheme ("**the Scheme**") (see Note 26(d)).

At 31 December 2021, RMB4,321,000 (31 December 2020: RMB2,449,000) was collected on behalf of the property owners' associations in Group's property management service business. Pursuant to property management agreements, the Group opens and manages these bank accounts on behalf of the property owners' associations.

22 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION *(Continued)*

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

	Note	2021 RMB'000	2020 RMB'000 Restated Note 31(a)
Profit before taxation		**39,292**	121,672
Adjustments for:			
Interest income	5	**(4,528)**	(5,850)
Finance costs		**459**	235
Depreciation of property, plant and equipment	13	**3,642**	2,124
Amortisation of intangible assets	14	**4,046**	1,366
(Gain)/loss on disposal of subsidiaries	5	**(88)**	176
Changes in fair value of financial assets measured at FVPL	5	**(667)**	(590)
Changes in fair value of investment properties	5	**(230)**	(234)
Changes in fair value of contingent consideration	5	**1,126**	–
Expected credit losses on trade receivables and contract assets	27(a)	**113,135**	10,236
Impairment loss on operating rights	6	**11,498**	–
Net loss/(gain) on disposal of property, plant and equipment	5	**64**	(4)
Net realised gains on financial assets measured at FVPL	5	**(1,748)**	(2,846)
Gain on acquisitions of subsidiaries		**(702)**	–
Gain on disposal of an associate and joint ventures		**(362)**	–
Share of (profit)/loss of joint ventures		**(5)**	6
Share of loss of an associate		**531**	637
Changes in working capital:			
(Increase)/decrease in inventories		**(18)**	158
Increase in trade and other receivables		**(137,155)**	(141,676)
Increase in contact assets		**(17,244)**	(20,479)
Increase in restricted cash		**(1,872)**	(2,149)
(Decrease)/increase in contract liabilities		**(11,192)**	51,765
Increase in trade and other payables		**23,985**	92,011
Cash generated from operations		**21,967**	106,558

22 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION *(Continued)*

(c) Reconciliation of liabilities arising from financing activities

	Bank loans *RMB'000* *(Note 25)*	Interest payable *RMB'000* *(Note 23)*	Dividend payable *RMB'000*	Total *RMB'000*
At 1 January 2020				
(as restated — Note 31(a))	9,997	–	38,391	48,388
Changes from financing cash flows:				
Repayment of bank borrowings *(as restated — Note 31(a))*	(9,997)	–	–	(9,997)
Interest paid *(as restated — Note 31(a))*	–	(235)	–	(235)
Dividend paid *(as restated — Note 31(a))*	–	–	(56,391)	(56,391)
Total changes from financing cash flows	(9,997)	(235)	(56,391)	(66,623)
Other changes:				
Finance costs *(as restated — Note 31(a))*	–	235	–	235
Dividend declared *(as restated — Note 31(a))*	–	–	18,000	18,000
Total other changes	–	235	18,000	18,235
At 31 December 2020 and At 1 January 2021				
(as restated — Note 31(a))	**–**	**–**	**–**	**–**
Changes from financing cash flows:				
Proceeds from bank borrowings	**20,508**	**–**	**–**	**20,508**
Interest paid	**–**	**(334)**	**–**	**(334)**
Dividend paid	**–**	**–**	**(33,190)**	**(33,190)**
Total changes from financing cash flows	**20,508**	**(334)**	**(33,190)**	**(13,016)**
Other changes:				
Finance costs	**–**	**459**	**–**	**459**
Dividend declared	**–**	**–**	**33,190**	**33,190**
Total other changes	**–**	**459**	**33,190**	**33,649**
At 31 December 2021	**20,508**	**125**	**–**	**20,633**

22 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION *(Continued)*

(d) Disposal of subsidiaries

During the year ended 31 December 2021, the Group disposed all equity interests in two subsidiaries. The disposals had the following consolidated effect on the Group's assets and liabilities on the disposal dates:

	RMB'000
Property, plant and equipment	**207**
Trade and other receivables	**356**
Cash and cash equivalents	**49**
Financial assets measured at FVPL	**65**
Trade and other payables	**(801)**
Current taxation	**(2)**
Net assets of the subsidiaries disposed	**(126)**
Non-controlling interests	**(39)**
Net assets attributable to the Group	**(87)**
Total consideration satisfied by cash	**1**
Gain on disposal of the subsidiaries charged to "other net income" line item in the consolidated statement of profit or loss and other comprehensive income	**88**

Effect of disposal of subsidiaries on the cash flow of the Group is as follows:

Consideration received, satisfied in cash	**1**
Cash and cash equivalents disposed of	**(49)**
Net cash outflow from disposal of a subsidiary	**(48)**

23 TRADE AND OTHER PAYABLES

	2021	2020
	RMB'000	*RMB'000*
		Restated
		Note 31(a)
Trade payables	**111,867**	77,589
Amounts due to related parties	**6,932**	15,165
Other taxes and charges payable	**19,781**	11,570
Accrued payroll and other benefits	**42,206**	34,768
Deposits	**61,701**	44,826
Interest payable	**125**	–
Other payables and accruals	**81,053**	72,791
	323,665	256,709

All the trade and other payables (including amounts due to related parties) are expected to be settled within 1 year or are repayable on demand.

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

	2021	2020
	RMB'000	*RMB'000*
		Restated
		Note 31(a)
Within 1 year	**90,211**	74,974
1 to 2 years	**19,548**	2,164
2 to 3 years	**1,698**	209
Over 3 years	**410**	242
	111,867	77,589

24 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	2021 RMB'000	2020 RMB'000 Restated Note 31(a)
PRC Corporate Income Tax		
At 1 January	4,304	2,443
Charged to profit or loss *(Note 7)*	27,872	22,506
Payments during the year	(20,730)	(20,619)
Effect on disposal of subsidiaries	(2)	(26)
Effect on acquisition of subsidiaries *(Note 31(b))*	5,519	–
At 31 December	16,963	4,304

(b) Deferred tax assets and liabilities recognised:

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

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

Deferred tax arising from:	Credit loss allowance RMB'000	Revaluation of financial assets measured at FVPL and other financial assets RMB'000	Unrealised profit and loss RMB'000	Revaluation of contingent Consideration RMB'000	Revaluation of investment properties RMB'000	Customer relationship RMB'000	Total RMB'000
At 1 January 2020 *(as restated — Note 31(a))*	9,548	170	2,282	–	(566)	–	11,434
Credited/(charged) to profit or loss *(as restated — Note 31(a))*	2,603	(310)	(1,797)	–	(59)	–	437
Charged to reserve *(as restated — Note 31(a))*	–	(230)	–	–	–	–	(230)
Effect on disposal of subsidiaries *(as restated — Note 31(a))*	(62)	–	–	–	–	–	(62)
At 31 December 2020 and 1 January 2021 *(as restated — Note 31(a))*	12,089	(370)	485	–	(625)	–	11,579
Credited/(charged) to profit or loss	21,496	(138)	(485)	282	(23)	683	21,815
Charged to reserve	–	357	–	–	–	–	357
Effect on acquisitions of subsidiaries *(Note 31(b))*	331	–	–	–	–	(9,100)	(8,769)
Effect on deferred tax balances resulting from a change in tax rate	–	–	–	–	374	–	374
At 31 December 2021	33,916	(151)	–	282	(274)	(8,417)	25,356

24 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION *(Continued)*

(b) Deferred tax assets and liabilities recognised: *(Continued)*

(ii) Reconciliation to the consolidated statement of financial position.

	2021 RMB'000	2020 RMB'000 Restated Note 31(a)
Net deferred tax assets recognised in the consolidated statement of financial position	34,198	12,574
Net deferred tax liabilities recognised in the consolidated statement of financial position	(8,842)	(995)
	25,356	11,579

(c) Deferred tax assets not recognised

	2021 RMB'000	2020 RMB'000 Restated Note 31(a)
Unutilised tax losses — PRC	11,852	12,869

In accordance with the accounting policy set out in Note 2(t), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB11,852,000 (2020: RMB12,869,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

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

	2021 RMB'000	2020 RMB'000
2021	–	57
2022	522	577
2023	4,191	5,589
2024	2,807	3,634
2025	2,737	3,012
2026	1,595	–
	11,852	12,869

24 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION *(Continued)*

(d) Deferred tax liabilities not recognised

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

For the other distributable reserve and retained earnings of PRC subsidiaries of the Group up to 31 December 2021, no deferred tax liabilities were recognised as at 31 December 2021 as the Group controls the dividend policy of the subsidiaries and it has been determined that it is not probable that these profits will be distributed in the foreseeable future.

25 BANK LOANS

At 31 December 2021, the bank loans were as follows:

	2021	2020
	RMB'000	*RMB'000*
		Restated
		Note 31(a)
Bank loans	**20,508**	–

At 31 December 2021, all bank loans are due within one year.

At 31 December 2021, bank loans of RMB20,508,000 were guaranteed by First Property Management, a subsidiary of the Group, which received a counter-guaranteed from a company controlled by Mr Zhang Peng, namely First MOMA Assets Management (Beijing) Co., Ltd. ("**First Assets**") amounted to RMB5,580,000, representing 27.9% of the above guarantee obligations.

26 CAPITAL, RESERVES, DIVIDENDS AND NON-CONTROLLING INTERESTS

(a) Movements in components of equity

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

	Note	Share capital RMB'000	Share premium RMB'000	Employee share trusts RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000
Balance at 20 January 2020 (incorporation date)		–	–	–	–	–	–
Changes in equity for 2020:							
Total comprehensive income for the year		–	–	–	(13,779)	150	(13,629)
Issuance of shares	*26(b)*	1	103,164	–	–	–	103,165
Capitalisation of shares	*26(b)*	*	*	–	–	–	–
Issue of ordinary shares upon initial public offering, net of issuing costs	*26(b)*	*	485,966	–	–	–	485,966
Balance at 31 December 2020 and 1 January 2021		**1**	**589,130**	**–**	**(13,779)**	**150**	**575,502**
Changes in equity for 2021:							
Total comprehensive income for the year		**–**	**–**	**–**	**(12,345)**	**(2,072)**	**(14,417)**
Dividends approved in respect of the previous year	*26(c)*	**–**	**–**	**–**	**–**	**(33,190)**	**(33,190)**
Shares purchased for share award scheme		**–**	**–**	**(7,093)**	**–**	**–**	**(7,093)**
Balance at 31 December 2021		**1**	**589,130**	**(7,093)**	**(26,124)**	**(35,112)**	**520,802**

* Amounts less than RMB1,000.

(Expressed in RMB unless otherwise indicated)

26 CAPITAL, RESERVES, DIVIDENDS AND NON-CONTROLLING INTERESTS *(Continued)*

(b) Share capital

Authorised share capital

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 20 January 2020, with an authorised share capital of US$50,000 divided into 50,000 shares with par value of US$1.00 each. In accordance with the shareholders' resolution of the Company passed on 25 September 2020 and effective on 22 October 2020, the authorised share capital of the Company of US$50,000 is divided into 250,000,000,000 shares of a par value of US$0.0000002 each.

Issued share capital

		2021		2020	
	Note	*No. of shares*	*RMB*	*No. of shares*	*RMB*
Ordinary shares, issued and fully paid:					
At 1 January/date of incorporation		1,000,000,000	1,381	–	–
Issuance of shares	*(i)*	–	–	100	707
Shares sub-division	*(ii)*	–	–	499,999,900	–
Capitalisation of shares	*(iii)*	–	–	250,000,000	341
Issuance of ordinary shares upon initial public offering	*(iv)*	–	–	250,000,000	333
		1,000,000,000	1,381	1,000,000,000	1,381

Notes:

(i) Issuance of shares

On 10 June 2020, 83.4026 shares of par value US$1.00 were allotted and issued to 8 shareholders.

On 17 June 2020, 11.5232 shares, 1.2387 shares and 0.8347 shares were allotted and issued to 3 shareholders at the consideration of US$8,434,000, US$1,194,000 and US$1,406,000 respectively.

On 18 June 2020, 3.0008 were allotted and issued to 1 shareholder at a consideration of US$3,521,000.

(ii) Shares sub-division

In accordance with the shareholders' resolution of the Company dated 25 September 2020, the Company's share with par value of US$1.00 each was subdivided into 5,000,000 shares with par value of US$0.0000002 each. Accordingly, the issued 100 shares of the Company with par value of US$1.00 each were sub-divided into 500,000,000 shares with par value of US$0.0000002 each.

26 CAPITAL, RESERVES, DIVIDENDS AND NON-CONTROLLING INTERESTS *(Continued)*

(b) Share capital

Issued share capital *(Continued)*

Notes: (Continued)

(iii) Capitalisation of shares

Pursuant to the written resolutions of the Company's shareholders passed on 25 September 2020, the directors were authorised to allot and issue a total of 250,000,000 shares, by way of capitalisation of the sum of US$50 (equivalent to approximately RMB341) standing to the credit of the share premium account of the Company, credited as fully paid at par to the shareholders as appearing on the register of members of the Company at the close of business on the business day immediately preceding the Listing date in proportion to their respective shareholdings.

(iv) Issuance of ordinary shares upon initial public offering

On 22 October 2020, the Company issued 250,000,000 shares with par value of US$0.0000002, at a price of HK$2.40 per share by initial public offering. Net proceeds from such issue amounted to HK$571,226,000 (equivalent to RMB485,966,000) out of which HK$388 (equivalent to RMB333) and HK$571,225,000 (equivalent to RMB485,966,000) were recorded in share capital and share premium respectively.

(c) Dividends

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

	2021 *RMB'000*	2020 *RMB'000*
Final dividend proposed after the end of the reporting period of HK6.77 cents (2020: HK3.97 cents) per ordinary share	**55,033**	33,190

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

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

	2021 *RMB'000*	2020 *RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HK3.97 cents per share (2020: nil)	**33,190**	–

26 CAPITAL, RESERVES, DIVIDENDS AND NON-CONTROLLING INTERESTS *(Continued)*

(d) Employee share trusts

On 10 May 2021, the Board resolved to adopt the Scheme, a long-term incentive program to eligible persons, in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

Employee share trusts are established for the purposes of awarding shares to eligible persons (including employees and directors of the Company or its subsidiaries, and advisors and agents who provide value-added services to the Company or its subsidiaries) under the Scheme. The employee share trusts are administered by the Board and the trustees and are funded by the Group's cash contributions for buying the Company's shares in the open market and recorded as contributions to employee share trusts, an equity component.

During the year ended 31 December 2021, the Company had entrusted the trustee to purchase shares on The Stock Exchange of Hong Kong Limited as follows:

Month/year	Number of shares repurchased *HK$*	Highest price paid per share *HK$*	Lowest price paid per share *RMB'000*	Aggregate price paid *RMB*
June 2021	**6,000,000**	**1.08**	**1.02**	**5,179**
September 2021	**2,900,000**	**0.89**	**0.84**	**2,111**
				7,290

The trustee of the employee share trusts will transfer the shares of the Company to employees upon vesting. During the year ended 31 December 2021, no share has been granted and vested.

(e) Adoption of share award scheme by controlling shareholder

On 29 July 2021, the Company was informed that Cedar Group Management Limited ("**Cedar**"), one of the controlling shareholders of the Company, adopted a share award scheme to eligible persons in order to retain them for the continuous operation and development of the Group, and to attract suitable personnel for further development of the Group. The award shares will be satisfied by the existing shares beneficially owned by Cedar and no new shares will be issued by the Company as a result of the grant of award shares under the scheme.

On 25 August 2021, 63,782,250 shares were granted to selected persons that have made significant contributions to the business and development of the Group and shall include but without limitation any employee and director of the Group or the Cedar Group under the share award scheme with the payment of the grant price of HK$0.86 per share. The award shares shall be automatically vested on the date of grant.

Share price at the date of grant was HK$0.86 and the fair value related to above arrangement was HK$ Nil.

26 CAPITAL, RESERVES, DIVIDENDS AND NON-CONTROLLING INTERESTS *(Continued)*

(f) Nature and purpose of reserves

(i) Share premium

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

(ii) Capital reserve

The balance of capital reserve represents the aggregate of the difference between the consideration paid and the paid-in capital of First Real Estate Brokerage for business combinations under common control, acquisitions of non-controlling interests, and the reorganisation took place prior to the listing of the Company's shares on the Stock Exchange.

(iii) Statutory surplus reserve

For the purposes of the consolidated financial statements, the statutory surplus reserve represented the statutory surplus reserve of all entities comprising the Group.

Statutory reserve is established in accordance with the relevant PRC rules and regulations and the articles of association of the companies which are incorporated in the PRC until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before distribution of a dividend to equity holders.

For the entities concerned, this reserve can be utilised in setting off accumulated losses or increasing capital and is non-distributable other than in liquidation.

(iv) Exchange Reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside the mainland China. The reserve is dealt with in accordance with the accounting policies set out in Note 2(w).

26 CAPITAL, RESERVES, DIVIDENDS AND NON-CONTROLLING INTERESTS *(Continued)*

(f) Nature and purpose of reserves *(Continued)*

(v) Fair value reserve

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investment designated at FVOCI under IFRS 9 that are held at the end of the reporting period (see Note 2(g)).

(f) Non-controlling interests ("NCI")

NCI primarily relates to First Living. As at 31 December 2021, the proportion of ownership interests of First Living held by the NCI in the consolidated financial statements was 27.88% (2020: 27.88%). The loss attributable to the NCI for the year ended 31 December 2021 was RMB12,024,000 (2020: profit attributable RMB5,363,000). Summarised financial information about First Living is set out in Note 4(b).

(g) Capital management

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

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

The Group monitors capital on the basis of the gearing ratio, which is calculated as total interest-bearing borrowings divided by total equity and amounted to 0.03 at 31 December 2021 (2020: Nil).

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

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity and foreign currency risks arise in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities. The Group is not exposed to significant interest rate risk.

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

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables and contract assets. The Group's exposure to credit risk arising from cash and cash equivalent and restricted cash are limited because the counterparties are banks and financial institutions with high credit standing which the Group considers to have low credit risk.

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

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

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

	2021		
	Excepted loss rate %	Gross carrying amount *RMB'000*	Loss allowance *RMB'000*
First Property Management			
Property owners:			
Within 1 year	16%	109,929	17,951
1–2 years	45%	33,622	15,094
2–3 years	53%	28,758	15,242
3–4 years	62%	11,172	6,927
4–5 years	78%	7,916	6,174
over 5 years	100%	1,656	1,656
		193,053	63,044
Public facility business forms customers and property developers:			
Within 1 year	3%	88,550	2,389
1–2 years	16%	5,948	981
2–3 years	85%	909	777
		95,407	4,147
First Living			
Within 1 year	8%	5,407	459
1–2 years	12%	11,659	1,374
2–3 years	42%	6,886	2,911
		23,952	4,744

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

	2020 *(as restated — Note 31(a))*		
	Excepted loss rate %	Gross carrying amount *RMB'000*	Loss allowance *RMB'000*
First Property Management			
Property owners:			
Within 1 year	12%	69,787	8,692
1–2 years	40%	30,605	12,242
2–3 years	55%	12,579	6,918
3–4 years	69%	8,179	5,644
4–5 years	90%	1,973	1,776
over 5 years	100%	10,521	10,521
		133,644	45,793
Property developers and public facility business forms customers:			
Within 1 year	0.7%	17,811	125
1–2 years	3%	3,140	94
		20,951	219
First Living			
Within 1 year	5%	17,861	893
1–2 years	10%	11,495	1,150
		29,356	2,043

The ECL allowance is determined using a provision matrix. The expected loss rates are based on actual loss experience over the past 5 years.

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

In respect of trade receivables and contract assets arising from contracts with related parties, during the years before 2021, the Group assessed that their expected credit loss rates were immaterial based on historical settlement records and forward-looking information. Related parties of the Group have encountered liquidity issues since October 2021 due to the adverse impact of a number of factors including the macroeconomic environment, the real estate industry environment and the COVID-19 pandemic. Accordingly, there was a significant increase in ECL allowance for trade receivables and contract assets arising from contracts with related parties.

The calculation of loss allowance for trade receivables and contract assets arising from contracts with related parties were carried out by an independent specialist, namely Vincorn Group Holdings Limited, with experience in ECL calculation.

The following table gives information about the expected loss rates for trade receivables and contract assets arising from contracts with related parties are determined.

	2021		
	Excepted loss rate %	Gross carrying amount *RMB'000*	Loss allowance *RMB'000*
Trade receivables from related parties	40.10%	166,166	66,633
Contract assets arising from contracts with related parties	40.10%	43,330	17,375
		209,496	84,008

The expected loss rates are estimated based on the weighted-average recovery rate of troubled debts derived from historical market data and have been adjusted for industry specific information and differences between economic conditions during the period over which the historical data has been collected and current conditions. The Group has identified the enterprise prosperity index and real estate industry enterprise prosperity index to be the most relevant factors, and accordingly adjusts the weighted-average recovery rate of troubled debts derived from historical market data based on expected changes in these factors.

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(b) Liquidity risk

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

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

	2021					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying amount at 31 December**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Trade and other payables	**323,665**	**–**	**–**	**–**	**323,665**	**323,665**
Bank loans	**20,508**	**–**	**–**	**–**	**20,508**	**20,508**
Contingent consideration	**5,867**	**7,223**	**29,541**	**–**	**42,631**	**39,514**
	350,040	**7,223**	**29,541**	**–**	**386,804**	**383,687**

	2020 *(as restated — Note 31(a))*					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at 31 December
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	256,709	–	–	–	256,709	256,709
	256,709	–	–	–	256,709	256,709

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank loans. Bank loans issued at fixed rates expose the Group to fair value interest rate risk.

The following table details the interest rate profile of the Group's bank loans at the end of the reporting period:

	2021		2020	
	Effective interest rate %	***RMB'000***	*Effective interest rate %*	*RMB'000*
Fixed rate				
Bank loans	**3.85%–4.43%**	**20,508**	–	–
		20,508		–

The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, the Group will consider hedging significant interest rate exposure should the need arise.

At 31 December 2021, management considers that the Group's exposure to fluctuation in interest rate risk is not significant. Accordingly, no sensitivity analysis is presented.

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The Company, the BVI subsidiary and the Hong Kong subsidiary's functional currency is HK$. Their businesses are principally conducted in HK$.

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

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement.

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

	Fair value at 31 December 2021	Fair value measurements as at 31 December 2021 categorised into		
		Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurements				
Assets:				
— Equity securities designated at FVOCI (non-recycling)	5,493	–	–	5,493
— Financial assets measured at FVPL	97,587	–	97,587	–
Liabilities:				
— Contingent consideration	39,514	–	–	39,514

	Fair value at 31 December 2020	Fair value measurements as at 31 December 2020 categorised into		
		Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurements				
Assets:				
— Equity securities designated at FVOCI (non-recycling)	6,920	–	–	6,920
— Financial assets measured at FVPL	89,099	–	89,099	–

(Expressed in RMB unless otherwise indicated)

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(e) Fair value measurement *(Continued)*

(i) Financial assets and liabilities measured at fair value

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of financial assets measured at FVPL is determined based on the estimated amount that the Group would receive to redeem the financial assets at the end of each reporting period. The estimated redeemable amount is calculated based on the most recent transaction price or the daily quotation published by the financial institutions.

Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Weighted average
Equity instruments	Market comparable companies	Discount for lack of marketability	13% (2020: 17%)
Contingent consideration	Discounted cash flow valuation method	Expected payments, Discount rate	RMB42,631,000 3.85%

The fair value of the equity instruments is determined by using enterprise value per sales of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability. As at 31 December 2021 it is estimated that with all other variables held constant, a decrease/increase in discount for lack of marketability by 1% would have increased/decreased the Group's other comprehensive income by RMB49,000 (2020: RMB85,000).

The fair value of the contingent consideration relating to the business combination is determined considering the expected payment, discounted to present value using a risk-adjusted discount rate. As at 31 December 2021, it is estimated that with all other variables held constant, a decrease/increase in discount rate by 0.1% would have increased/decreased the Group's profit by RMB19,000 (2020: Nil).

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(e) Fair value measurement *(Continued)*

(i) Financial assets and liabilities measured at fair value (Continued)

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	2021 *RMB'000*	2020 *RMB'000* *Restated* *Note 31(a)*
Equity securities:		
At 1 January	6,920	6,000
Net unrealised gains or losses recognised in other comprehensive income during the period	(1,427)	920
At 31 December	5,493	6,920
Contingent consideration:		
At 1 January	–	–
Acquisition of subsidiaries *(Note 31(b))*	38,388	–
Changes in fair value recognised in profit or loss during the period	1,126	–
At 31 December	39,514	–
Total gains or losses for the period included in profit or loss and other comprehensive income for assets and liabilities held at the end of the reporting period	(2,553)	920

Any gain or loss arising from the remeasurement of the Group's equity securities held for strategic purposes are recognised in the fair value reserve (non-recycling) in other comprehensive income. Upon disposal of the equity securities, the amount accumulated in other comprehensive income is transferred directly to retained earnings.

The losses arising from the remeasurement of contingent consideration are presented in the "other net income" line item in the consolidated statement of profit or loss.

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2021.

28 CONTINGENT ASSETS AND LIABILITIES

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

29 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2021, the directors consider the ultimate controlling party of the Group to be Mr. Zhang Lei, together with Mr. Zhang Peng acting as a concert group.

At 31 December 2021, the directors consider the immediate parent of the Group to be Glorious Group Holdings Limited. This entity does not produce financial statements available for public use.

30 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

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

	2021 *RMB'000*	2020 *RMB'000* *Restated* *Note 31(a)*
Short-term employee benefits	3,987	3,242
Post-employment benefits	205	188
	4,192	3,430

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

(b) Significant related party transactions

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

Nature of related party transactions	2021 *RMB'000*	2020 *RMB'000* *Restated* *(Note 31(a))*
Provision of property management services and other services		
— Companies controlled by Modern Land Group	151,440	156,400
— Other companies controlled by Mr. Zhang Lei	2,844	14,454
— Companies controlled by Mr. Zhang Peng	5,527	–
— Companies jointly controlled by Mr. Zhang Lei	45,781	51,461
Receiving services		
— Companies controlled by Mr. Zhang Lei	2,242	12,358
— A Company controlled by Mr. Zhang Peng	4,521	–
Acquisition of subsidiaries		
— Companies controlled by Mr. Zhang Lei	2,320	–

30 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(c) Balances with related parties

	Note	**2021** *RMB'000*	2020 *RMB'000*
Amounts due from:			
— Companies controlled by Mr. Zhang Lei		**118,414**	83,699
— Companies controlled by Mr. Zhang Peng		**5,198**	–
— Companies jointly controlled by Mr. Zhang Lei		**42,554**	40,312
	(i), (ii)	**166,166**	124,011
Amounts due to:			
— Companies controlled by Mr. Zhang Lei		**3,827**	14,649
— Companies controlled by Mr. Zhang Peng		**3,105**	–
— Companies jointly controlled by Mr. Zhang Lei		**–**	16
— A joint venture of the Group		**–**	500
	(i)	**6,932**	15,165
Contract assets:			
— Companies controlled by Mr. Zhang Lei		**16,871**	19,499
— Companies jointly controlled by Mr. Zhang Lei		**26,459**	7,729
	(iii)	**43,330**	27,228
Contract liabilities:			
— Companies controlled by Mr. Zhang Lei		**5,683**	19,033
— Companies controlled by Mr. Zhang Peng		**412**	–
— Companies jointly controlled by Mr. Zhang Lei		**–**	84
		6,095	19,117

Notes:

(i) Amounts due from/to related parties are all trade nature, unsecured and interest-free, except for capital injection of RMB500,000 to a joint venture of the Group.

(ii) The outstanding balances with these related parties are trading balances included in "trade and other receivables" (Note 21) against which a lump sum expected credit loss allowance amounted to RMB66,633,000 was provided at 31 December 2021 (2020:Nil) (Note 27(a)).

(iii) The outstanding balances with these related parties are included in "contract assets" (Note 20(a)) against which a lump sum expected credit loss allowance amounted to RMB17,375,000 was provided at 31 December 2021 (2020: Nil) (Note 27(a)).

30 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(d) Guarantees

The guarantee provided by the Group to its subsidiaries and the counter-guarantee provided to the Group by First Assets are set out in Note 25.

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

Certain related party transactions included in Note 30(b) constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in the section Connected Transactions of the Directors' Report or those transactions are exempt from the disclosure requirements in Chapter 14A of the Listing Rules as they are below the de minimis threshold under Rule 14A.76(1).

31 BUSINESS COMBINATIONS

(a) Business combination under common control

In April 2021, First Property Management entered into a sale and purchase agreement with First Assets pursuant to which First Property Management acquired the entire equity interests in First Real Estate Brokerage Group, with a cash consideration of RMB2,320,000 (the "**Acquisition**"). The Acquisition was completed on 28 April 2021, upon then First Real Estate Brokerage Group became wholly-owned subsidiaries of the Group.

The Acquisition was considered as a business combination under common control as the Group and First Real Estate Brokerage Group are both ultimately controlled by Mr. Zhang Lei at the acquisition date.

As a result, the Group has restated the 2020 comparative amounts of the consolidated statement of profit or loss and other comprehensive income of the Group by including the operating results of First Real Estate Brokerage Group and eliminating its transactions with the First Real Estate Brokerage Group, as if the acquisition had been completed on the earliest date of the period being presented. The consolidated statement of financial position of the Group as at 31 December 2020 was restated to include the assets and liabilities of First Real Estate Brokerage Group.

31 BUSINESS COMBINATIONS *(Continued)*

(a) Business combination under common control *(Continued)*

The following is a reconciliation of the effect arising from the common control combination in connection with the acquisition of First Real Estate Brokerage Group:

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020

	The Group (as previously reported) *RMB'000*	First Real Estate Brokerage Group *RMB'000*	Elimination *RMB'000*	The Group (as restated) *RMB'000*
Revenue	771,799	5,639	(2,071)	775,367
Cost of sales	(504,455)	(5,410)	2,008	(507,857)
Gross profit	267,344	229	(63)	267,510
Other income	26,676	108	–	26,784
Selling expenses	(9,557)	(92)	–	(9,649)
Administrative expenses	(149,436)	(2,486)	63	(151,859)
Expected credit loss on trade receivables and contract assets	(10,236)	–	–	(10,236)
Finance costs	(235)	–	–	(235)
Share of loss of an associate	(637)	–	–	(637)
Share of loss of joint ventures	(6)	–	–	(6)
Profit before taxation	123,913	(2,241)	–	121,672
Income tax	(22,062)	(7)	–	(22,069)
Profit for the year	101,851	(2,248)	–	99,603
Other comprehensive income for the year	(3,563)	–	–	(3,563)
Total comprehensive income for the year	98,288	(2,248)	–	96,040
Profit for the year attributable to:				
Equity shareholders of the Company	94,829	(2,248)	–	92,581
Non-controlling interests	7,022	–	–	7,022
Profit for the year	101,851	(2,248)	–	99,603
Total comprehensive income attributable to:				
Equity shareholders of the Company	91,266	(2,248)	–	89,018
Non-controlling interests	7,022	–	–	7,022
Total comprehensive income for the year	98,288	(2,248)	–	96,040
Earnings per share				
Basic and diluted *(RMB)*	0.1188	(0.0029)	–	0.1159

31 BUSINESS COMBINATIONS *(Continued)*

(a) Business combination under common control *(Continued)*

Consolidated statement of financial position at 31 December 2020

	The Group (as previously reported) *RMB'000*	First Real Estate Brokerage Group *RMB'000*	Elimination *RMB'000*	The Group (as restated) *RMB'000*
Non-current assets				
Investment properties	14,638	–	–	14,638
Property, plant and equipment	7,800	14	–	7,814
Intangible assets	7,017	–	–	7,017
Interest in joint ventures	744	–	–	744
Interest in an associate	1,882	–	–	1,882
Other financial assets	6,920	–	–	6,920
Deferred tax assets	12,574	–	–	12,574
	51,575	14	–	51,589
Current assets				
Inventories	795	–	–	795
Contract assets	28,627	–	–	28,627
Trade and other receivables	307,770	1,391	(2,006)	307,155
Financial assets measured at fair value through profit or loss ("**FVPL**")	89,099	–	–	89,099
Restricted cash	2,449	–	–	2,449
Cash and cash equivalents	731,666	2,374	–	734,040
	1,160,406	3,765	(2,006)	1,162,165
Current liabilities				
Trade and other payables	254,042	4,673	(2,006)	256,709
Contract liabilities	278,331	–	–	278,331
Current taxation	4,304	–	–	4,304
	536,677	4,673	(2,006)	539,344
Net current assets	623,729	(908)	–	622,821
Total assets less current liabilities	675,304	(894)	–	674,410
Non-current liabilities				
Deferred tax liabilities	995	–	–	995
	995	–	–	995
NET ASSETS	674,309	(894)	–	673,415

31 BUSINESS COMBINATIONS *(Continued)*

(a) Business combination under common control *(Continued)*

Consolidated statement of financial position at 31 December 2020 *(Continued)*

	The Group (as previously reported) *RMB'000*	First Real Estate Brokerage Group *RMB'000*	Elimination *RMB'000*	The Group (as restated) *RMB'000*
CAPITAL AND RESERVES				
Share capital	1	–	–	1
Reserves	653,750	(894)	–	652,856
Total equity attributable to equity shareholders of the Company	653,751	(894)	–	652,857
Non-controlling interests	20,558	–	–	20,558
TOTAL EQUITY	674,309	(894)	–	673,415

Condensed consolidated statement of cash flows for the year ended 31 December 2020

	The Group (as previously reported) *RMB'000*	First Real Estate Brokerage Group *RMB'000*	Elimination *RMB'000*	The Group (as restated) *RMB'000*
Net cash generated from operating activities	84,643	1,296	–	85,939
Net cash generated from investing activities	134,418	12	–	134,430
Net cash generated from financing activities	256,730	–	–	256,730

(b) Business combination from third parties

In April 2021, the Group acquired 80% of the equity interest in Dalian Yahang from a third party, and 100% of the equity interest in Qingdao Luohang from another third party, obtaining control of Dalian Yahang and Qingdao Luohang.

In July 2021, the Group acquired 100% of the equity interest in Huangshi Tailefeng Property Service Co., Ltd. (黃石泰豐物業服務有限公司) ("**Huangshi Tailefeng**"), and 51% of the equity interest in Shaoyang Fusheng Property Management Co., Ltd (邵陽富晟物業管理有限公司) ("**Shaoyang Fusheng**") from third parties, subsequent to which Huangshi Tailefeng and Shaoyang Fusheng has become subsidiaries of the Group.

The above acquirees are engaged in the provision of property management services. The business combinations were made as part of the Group's strategy to expand its market share of property management operation in the PRC.

31 BUSINESS COMBINATIONS *(Continued)*

(b) Business combination from third parties *(Continued)*

The following summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition dates.

	Note	Dalian Yahang *RMB'000*	Qingdao Luohang *RMB'000*	Huangshi Tailefeng & Shaoyang Fusheng *RMB'000*	Total *RMB'000*
Property, plant and equipment		59	1,659	–	1,718
Intangible assets		19,500	16,900	–	36,400
Deferred tax assets		132	199	–	331
Trade and other receivables	*(i)*	12,197	57,503	5,169	74,869
Cash and cash equivalents		3,018	1,389	1,896	6,303
Trade and other payables		(8,062)	(19,433)	(6,363)	(33,858)
Contract liabilities		(6,882)	(841)	–	(7,723)
Current taxation		–	(5,519)	–	(5,519)
Deferred tax liabilities		(4,875)	(4,225)	–	(9,100)
Total net identifiable assets acquired		15,087	47,632	702	63,421
Non-controlling interest	*(ii)*	(3,017)	(14,290)	–	(17,307)
Fair value of net identified assets acquired, net of non-controlling interests		12,070	33,342	702	46,114
Goodwill	*(iii)*	81,458	100,238	–	181,696
Gain on bargain purchase	*(iv)*	–	–	(702)	(702)
Total consideration		93,528	133,580	–	227,108
Cash consideration		75,600	113,120	–	188,720
Contingent consideration	*(v)*	17,928	20,460	–	38,388
Total consideration		93,528	133,580	–	227,108

31 BUSINESS COMBINATIONS *(Continued)*

(b) Business combination from third parties *(Continued)*

Notes:

(i) Trade and other receivables comprised gross contractual amounts due of RMB77,272,000, of which RMB2,403,000 was expected to be uncollectable at the dates of business combinations.

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

(iii) The goodwill is attributable mainly to the synergies and expected efficiencies from integrating the companies into Group's existing property management business that will make the Group a more efficient and effective competitor in China. None of the goodwill recognised is expected to be deductible for tax purposes.

(iv) A gain on bargain purchase amounted to RMB702,000 is presented in the "other net income" line item in the consolidated statement of profit or loss and other comprehensive income.

(v) The contingent consideration represented the consideration to be determined based on the actual results of the acquirees in subsequent three years from 2021. The contingent consideration was measured at fair value at the acquisition dates, with subsequent changes in fair value recognised in profit or loss. The fair value of the contingent consideration was determined by the discounted cash flow valuation method. The aggregated fair value of the contingent consideration at the respective acquisition dates was RMB38,388,000 based on the then undiscounted expected consideration payments of RMB42,090,000.

As at 31 December 2021, the fair value of the contingent consideration was RMB39,514,000, based on the undiscounted expected consideration payments of RMB42,631,000, among which RMB5,867,000 is to be paid within one year. During the year, a loss of RMB1,126,000 was recognised for the changes in fair value of the contingent consideration, as a result of an adjustment to the expected consideration payments based on the favourable outcome of the acquirees in 2021 as well as the forecasts in the coming two years.

Net cash outflow arising from the above acquisitions is as follows:

	Dalian Yahang	**Qingdao Luohang**	**Huangshi Tailefeng & Shaoyang Fusheng**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total considerations paid in cash	75,600	113,120	–	188,720
Less: cash of subsidiaries acquired	(3,018)	(1,389)	(1,896)	(6,303)
	72,582	111,731	(1,896)	182,417

The Group incurred transaction costs of RMB169,000 for the acquisitions. These transaction costs have been expensed and included in administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

Included in the profit for the year ended 31 December 2021 was a profit of RMB23,713,000 attributable to the business combinations of the acquirees. Revenue of the acquirees included in the Group's revenue for the year ended 31 December 2021 amounted to RMB221,523,000. If the business combinations had occurred on 1 January 2021, management estimates that consolidated revenue would have been RMB1,173,850,000, and consolidated profit for the year would have been RMB37,168,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of business combinations would have been the same if the business combinations had occurred on 1 January 2021.

32 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2021 RMB'000	2020 RMB'000
Non-current assets			
Amounts due from related parties		**283,583**	196,369
Investment in a subsidiary		**1**	1
		283,584	196,370
Current assets			
Other receivables		**17,696**	334
Cash and cash equivalents		**219,525**	378,799
		237,221	379,133
Current liabilities			
Other payables		**3**	1
NET ASSETS		**520,802**	575,502
CAPITAL AND RESERVES	*26*		
Share capital		**1**	1
Reserves		**520,801**	575,501
TOTAL EQUITY		**520,802**	575,502

Approved and authorised for issue by the board of directors on 29 March 2022.

Liu Peiqing
Directors

Zhu Li
Directors

(Expressed in RMB unless otherwise indicated)

33 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ACCOUNTING PERIOD BEGINNING ON 1 JANUARY 2021

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

	Effective for accounting periods beginning on or after
Annual Improvements to IFRS Standards 2018-2020	1 January 2022
Amendments to IFRS 3, *Reference to the Conceptual Framework*	1 January 2022
Amendments to IAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*	1 January 2022
Amendments to IAS 37, *Onerous Contracts — Cost of Fulfilling a Contract*	1 January 2022
Amendments to IAS 1, *Classification of Liabilities as Current or Non-current*	1 January 2023
IFRS 17, *Insurance contracts*	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2, *Disclosure of Accounting Policies*	1 January 2023
Amendments to IAS 8, *Definition of Accounting Estimates*	1 January 2023
Amendments to IAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to IFRS 10 and IAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	To be determined at a future date
Amendments to IFRS 4, *Extension of the temporary exemption from applying IFRS 9*	To be determined at a future date

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

34 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

In January 2022, a subsidiary of the Group entered into a sale and purchase agreement with a third party to dispose of a 20–year energy operating right at a consideration of RMB Nil. The disposal has been completed in January 2022.

35 COMPARATIVE FIGURES

As a result of business combination under common control, comparative information has been restated. Further details of the restatements are disclosed in Note 31(a).

Certain items in these comparative figures have been reclassified to conform with the current year's presentation to facilitate comparison.

DEFINITIONS

"AGM"	the annual general meeting of the Company to be held on Tuesday, 21 June 2022;
"Articles of Association"	the articles of association of the Company (as amended from time to time) adopted on 25 September 2020;
"Audit Committee"	the audit committee of the Company;
"Auditor"	the auditor of the Company;
"Board"	the board of Directors of the Company;
"BVI"	the British Virgin Islands;
"Cedar Group"	Cedar Group Management Limited (雪松集团管理有限公司), a BVI business company incorporated in the BVI with limited liability on 19 December 2019;
"CG Code"	the Corporate Governance Code set out in Appendix 14 to the Listing Rules;
"China" or "PRC"	the People's Republic of China and, except where the context requires and only for the purpose of this report, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan. "Chinese" shall be construed accordingly;
"Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as amended or supplemented or otherwise modified from time to time) of the Cayman Islands;
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
"Company", "our Company", "the Company"	First Service Holding Limited (第一服务控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 20 January 2020, and except where the context otherwise requires, all of its subsidiaries, or where the context refers to the time before it became the holding company of its present subsidiaries, its present subsidiaries;
"Dalian Yahang"	Dalian Yahang Property Management Co., Ltd. (大連亞航物業管理有限公司), a company established in the PRC with limited liability on 12 January 2006;
"Director(s)" or "our Directors"	the director(s) of the Company;
"First Assets"	First MOMA Assets Management (Beijing) Co., Ltd. (第一摩碼資產管理(北京)有限公司), a company incorporated in the PRC on 20 September 2002;

DEFINITIONS

"First Living"	First MOMA Human Environment Technology (Beijing) Co., Ltd. (第一摩碼人居環境科技(北京)有限公司) (formerly known as First MOMA Human Environment Technology (Beijing) Joint Stock Limited Company (第一摩碼人居環境科技(北京)股份有限公司)), a limited liability company established in the PRC on 3 December 2014, and an indirect non-wholly owned subsidiary of our Company;
"First Living Engineering"	First MOMA Human Environment Architectural Engineering Co., Ltd. (第一摩碼人居建築工程(北京)有限公司), a limited liability company established in the PRC and a direct wholly-owned subsidiary of First Living
"First Property"	First Property Service (Beijing) Co., Ltd. (第一物業服務(北京)有限公司) (formerly known as Beijing Modern and First Property (Beijing) Joint Stock Limited Company (第一物業(北京)股份有限公司), a limited liability company established in the PRC on 6 December 1999, and an indirect wholly-owned subsidiary of our Company;
"GFA"	Gross floor area;
"Global Offering"	the Hong Kong public offering and the international offering of the Shares;
"Glorious Group"	Glorious Group Holdings Limited (世家集团控股有限公司), a BVI business company incorporated in the BVI with limited liability on 19 December 2019;
"Group", "our Group", "we", "our" or "us"	our Company, its subsidiaries from time to time, or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time or the business operated by such subsidiaries or their predecessors (as the case may be);
"Hao Fung"	Hao Fung Investment Limited (皓峰投资有限公司), a BVI business company incorporated in the BVI with limited liability on 18 December 2019;
"HK$", "Hong Kong Dollars" or "cents"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong;
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC;
"independent third party(ies)"	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is/are not our connected persons or associates of our connected persons as defined under the Listing Rules;
"Liu Pei Qing Management"	Liu Pei Qing Management Limited (刘培庆管理有限公司), a BVI business company incorporated in the BVI with limited liability on 17 December 2019;
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange;

"Listing Date"	the date, being 22 October 2020, on which the Shares were listed on the Stock Exchange and from which dealings in the Shares are permitted to commence on the Stock Exchange;
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time;
"Long Han Management"	Long Han Management Limited (龙晗管理有限公司), a BVI business company incorporated in the BVI with limited liability on 17 December 2019;
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange;
"Memorandum and Articles of Association"	the memorandum and articles of association of our Company (as amended from time to time), adopted on 25 September 2020;
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules;
"Modern Land"	Modern Land (China) Co., Limited (當代置業(中國)有限公司) (stock code: 1107), an exempted company with limited liability incorporated in the Cayman Islands on 28 June 2006 and the shares of which are listed on the Main Board of the Stock Exchange;
"Modern Land Group"	Modern Land and its subsidiaries;
"MOHURD"	the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部) or its predecessor, the Ministry of Construction of the PRC (中華人民共和國建設部);
"NEEQ"	the National Equities Exchange and Quotations Co., Ltd., a PRC over-the-counter system for trading the shares of public companies;
"Nomination Committee"	the nomination committee of the Company;
"Prospectus"	the prospectus of the Company dated 12 October 2020;
"Qingdao Luohang"	Qingdao Luohang Enterprises Management Co., Ltd. (青島洛航企業管理有限公司), a company established in the PRC with limited liability on 8 March 2021;
"Remuneration Committee"	the remuneration committee of the Company;

DEFINITIONS

"RMB"	the lawful currency of the PRC;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented from time to time;
"Shanghai CDH Yaojia"	Shanghai CDH Yaojia Venture Capital Center (Limited Partnership) (上海鼎暉耀家創業投資中心(有限合夥)), a limited partnership established in the PRC on 26 June 2015, whose general partner is Dinghui Equity Investment Management (Tianjin) Company Limited (鼎暉股權投資管理(天津)有限公司);
"Shareholder(s)"	holder(s) of Share(s);
"Share(s)"	ordinary shares in the capital of our Company with nominal value of US$0.0000002 each;
"Share Award Scheme"	the share award scheme adopted by the Board on 10 May 2021;
"Share Option Scheme"	the share option scheme conditionally adopted pursuant to the written resolutions passed by our Shareholders on 25 September 2020;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"%"	per cent.

In this annual report, the terms "associate", "close associate", "connected person", "connected transaction", "continuing connected transaction", "core connected person", "controlling shareholder", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms under the Listing Rules, unless the context otherwise requires.