佳源服務控股有限公司

JIAYUAN SERVICES HOLDINGS LIMITED

(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)

STOCK CODE : 1153

2021

ANNUAL REPORT

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Zhu Hongge (朱宏戈先生)
(Chairman and Chief Executive Officer)
Mr. Bao Guojun (鮑國軍先生)
(appointed on 9 August 2021)
Mr. Pang Bo (龐博先生)
(re-designated on 8 October 2021)
Ms. Mu Liyuan (牟立園女士)
(resigned on 9 August 2021)

Non-executive Director

Mr. Huang Fuqing (黃福清先生)

Independent Non-Executive Directors

Ms. Liang Yunxu (梁蘊旭女士)
Mr. Wang Huimin (王惠敏先生)
Mr. Wong Kwok Yin (王國賢先生)

AUDIT COMMITTEE

Mr. Wong Kwok Yin (王國賢先生) *(Chairman)*
Ms. Liang Yunxu (梁蘊旭女士)
Mr. Wang Huimin (王惠敏先生)

REMUNERATION COMMITTEE

Ms. Liang Yunxu (梁蘊旭女士) *(Chairperson)*
Mr. Pang Bo (龐博先生)
Mr. Wang Huimin (王惠敏先生)

NOMINATION COMMITTEE

Mr. Zhu Hongge (朱宏戈先生) *(Chairperson)*
Ms. Liang Yunxu (梁蘊旭女士)
Mr. Wong Kwok Yin (王國賢先生)

AUTHORISED REPRESENTATIVES

Mr. Zhu Hongge (朱宏戈先生)
Ms. Leung Kwan Wai (梁君慧女士)

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISERS

As to Hong Kong law:
Jeffrey Mak Law Firm

As to PRC law:
Jingtian & Gongcheng

As to Cayman Islands law:
Conyers Dill & Pearman

COMPLIANCE ADVISOR

Rainbow Capital (HK) Limited

REGISTERED OFFICE

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman, KY1-1111 Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN PRC

Floor 3, Rome Metropolis No. 899, Wanghu Road
Nanhu District, Jiaxing, Zhejiang Province, PRC

HEADQUARTERS

Room 1403, 9 Queen's Road Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman, KY1-1111 Cayman Islands

BRANCH SHARE REGISTRAR IN HONG KONG

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

PRINCIPAL BANKS

Industrial and Commercial Bank of China
China Construction Bank
Bank of China

JOINT COMPANY SECRETARIES*

Mr. Pang Bo (龐博先生)
(appointed on 8 October 2021)
Ms. Leung Kwan Wai (梁君慧女士)
(appointed on 8 October 2021)

STOCK CODE

1153

COMPANY'S WEBSITE

http://jy-fw.cn/

* Mr. Chan Yu Hin (陳宇軒先生) resigned as a company secretary of the Company on 8 October 2021.

To the shareholders of the Company (the "Shareholders"):

On behalf of the board (the "Board") of directors (the "Directors") of Jiayuan Services Holdings Limited (the "Company" or "Jiayuan Services", together with its subsidiaries, the "Group"), I am pleased to present the report on the annual results of the Group for the year ended 31 December 2021.

2021 was the first year of China's 14th Five-Year Plan, and it was also a critical year for property management enterprise to return to the right trajectory after experiencing the epidemic. The dominant position of the service industry has been further consolidated, and service consumption has grown into the core driving force of consumption growth, which will also prompt an increasing number of property management enterprise to continuously improve the existing industry ecosystem by deepening the reform and enabling close-to-life services, and flexible enabling mechanism based on customers and products.

The new era brings new missions, and new challenges inspire new responsibilities. Positioned in a new historical starting where "two centenaries" meet and "two overall situations" are intertwined, the Group broke through the shackles of existing standards, soberly judged "time" and "trend", and accurately grasped "crisis" and "opportunity", accelerated the establishment of a path of high quality development that conforms to the development of the times and the people's livelihood industry, and built a "livable and healthy "happy community with "high position", "high pattern" and "high standard". The Group focused on the two characteristic services of "elderly care "and "child care", creating the first place for people's livelihood and well-being, deepening services in various fields such as education, health, and home-based elderly care, and comprehensively helping improve the quality of life in the city, building a "three senses" park, and continuously improving property owner's sense of achievements, happiness and satisfaction.

Benefiting from capacity expansion and transformation, the Group has managed to make breakthrough through deep reform, great empowerment as well as improved life-oriented services, forming its core competitiveness. Adopting "Changing Ourselves" as our policy to adapt to the development of the industry and the enterprise, "Everything Can Be Changed" has become the permanent driving force for our own development. Taking the Group's largest customer – our employees, as our digging point, we have innovatively created the plan of "Work Happily", with the belief that happiness of employees is the carrier of the Group's provision of warm services. Focusing on the three major themes of "Happy Growth", "Happy Companion" and "Mutual Support", we comprehensively improved the happiness of employees, satisfying their needs from material, spirit to self-realization of value at various levels. To promote reform and innovation through construction, we have put forward the plan of "Happy City" to achieve the age-defying transformation of old communities with the mode of "public participation, market operation, and public welfare for the people". Through continuous expansion of the boundaries of "IOT + services", the end consumer demand and services for life of residents can be satisfied by selected high-frequency, high-quality consumer service products that match the needs of owners, thus establishing a new community ecology of co-governance, co-creation, co-construction and sharing with owners. To create a rejuvenated life, we have customized the plan of "Happy Community" to build interest communities with different themes through the approach of owner led and property-supported, encouraging the creation of new links between owners and owners, owners and Jiayuan Services, which makes it a bond of "closeness and familiarity". In the process of meeting all the needs of the owners and creating surprises for the owners, we will accurately explore the personalized needs of the owners, and lay out customized new formats of community value-added services.

CHAIRMAN'S STATEMENT

The infinite possibilities of the property service interface bring endless imagination of the market space. During the last year, the business formats of the Group's services have continued to increase along with the Group's development. The Group will also be committed to the in-depth integration of the market interface and product interface for a long term. Through optimization and reorganization among enterprises, we will strengthen resource advantages and continue to achieve good results in market expansion, deepen the cultivation of regional cities and urban areas, strengthen advantageous sectors and industries, continuously increase the market share of key cities in East China, accelerate the cultivation of Hunan-Guizhou city clusters, fill in the shortcomings of business formats, and target new demands of owners, thus to form product portfolios suitable for different business formats and lay out new formats and new tracks in advance.

2021 represents the first year for Jiayuan Service since its successful listing. In the era of intertwined changes and reconstructions, the Group is a diligent, hard-working and passionate innovator, and it is also a stalwart to the original intention of "serving customers with sincerity, building a beautiful life together, and giving back to the owners". Finally, on behalf of the Board of Directors, I would like to express my sincere gratitude to all employees for their persistent efforts in the past years, and also our business partners and Shareholders for their long-term support.

Jiayuan Services Holdings Limited
Board
Zhu Hongge
Chairman and Executive Director

MARKET REVIEW

The year 2021 was a year with unprecedented opportunities and a year of hard work for the property management industry. From the central government to local government, the policies to encourage, support and guide the sustainable and healthy development of the property management industry have been issued frequently, which have drawn a new blueprint for business development and performance growth of life services, elderly care services and urban services for property developers. In the capital market, the pace of mainland property developers' listing in Hong Kong maintained rapid. However, due to the factors such as the credit crisis in real estate industry, the enthusiasm of investors to pursue the property management segment has plummeted in the short term, and the overall valuation of the property management industry has also dropped to a historical low. The continuous turmoil in the real estate industry has also dragged the property management industry into the torrent of the times, however, the industrial nature and development logic remained unchanged. The amount of mergers and acquisitions in the property management industry hit a record high, and the industry concentration was further enhanced. Excellent property enterprises have learned how to ride the wind and waves through continuous exploration and practice, they have adhered to the development foundation of quality service, constantly consolidated their own competitiveness, and moved forward steadily and firmly to jointly promote the rapid growth and development of the industry.

BUSINESS REVIEW

In 2021, the total revenue of the Group was approximately RMB820.5 million, with a year-on-year increase of approximately 33.4%. The gross profit of the Group was approximately RMB258.1 million, with a year-on-year increase of approximately 37.9%. The net profit for the year was approximately RMB104.2 million, with a year-on-year increase of approximately 48.9%, of which the net profit attributable to owners of the Company reached approximately RMB100.5 million, with a year-on-year increase of approximately 53.6%. Basic earnings per share was RMB0.16, with a year-on-year increase of approximately 14.3%. Primarily benefited from standardised operations, effective cost control and the economies of scale, the Group's profitability was significantly enhanced in 2021. The overall gross profit margin of the Group increased by approximately 1.1 percentage points compared with that in 2020, reaching approximately 31.5%.

In terms of the property management service business, in 2021, the revenue of property management service of the Group was approximately RMB649.0 million, with a year-on-year increase of approximately 27.9%. As at 31 December 2021, the Group has 332 property management projects with a contracted GFA of approximately 62.7 million sq.m., representing an increase of approximately 32.3% and 26.3% respectively compared to 251 property management projects with a contracted GFA of approximately 49.7 million sq.m. in 2020. The Group's GFA under management reached approximately 41.9 million sq.m., with a year-on-year increase of approximately 33.0%. The increase in contracted GFA and the GFA under management was attributable to the business expansion of the Group through organic growth and acquisition of a subsidiary, Shanghai Baoji Property Management Co., Ltd. ("Shanghai Baoji"). Leveraging on good service quality and market reputation, the Group has further expanded its management territory through endogenous growth, single project expansion, and cooperation through joint ventures, among which the GFA under management from third-party developers was approximately 18.0 million sq.m., with a year-on-year increase of approximately 71.0%, accounting for about 43.0% of the total GFA under management. The proportion of the GFA under management by third parties continued to increase steadily from approximately 33.4% in 2020. In 2021, the gross profit of the property management service business was approximately RMB197.1 million, with a year-on-year increase of approximately 30.3%, and the gross profit margin increased by approximately 0.6 percentage points to approximately 30.4%. The revenue of property management service business accounted for approximately 79.1% of the total revenue, and the gross profit of the property management service business accounted for approximately 76.4% of the overall gross profit. The property management service business remains to be the major source of income and profit for the Group. The increase in the scale of the property management service business was mainly due to the increase in the GFA under management and the average property management fee.

In terms of value-added services to property developers, in 2021, the Group's revenue from value-added services to property developers was approximately RMB110.5 million, with a year on-year increase of approximately 51.8%. The gross profit of this type of service reached approximately RMB35.4 million, with a year-on-year increase of approximately 62.8%, and the gross profit margin increased by approximately 2.2 percentage points to approximately 32.0% compared with that in 2020. The revenue of value-added services to property developers accounted for approximately 13.5% of the total revenue, representing an increase of approximately 1.6 percentage points from approximately 11.9% in 2020. The gross profit of value-added services to property developers business accounted for approximately 13.7% of overall gross profit. The increase in the scale of value-added services to property developers business was mainly due to the increase in venue services items.

In terms of community value-added services, in 2021, the revenue of community value-added services was approximately RMB61.0 million, with a year-on-year increase of approximately 75.8%. The gross profit of this type of service reached approximately RMB25.7 million, with a year-on-year increase of approximately 81.8%, and the gross profit margin increased by approximately 1.4 percentage points to approximately 42.1% compared with that in 2020. The total revenue of community value-added service business accounted for approximately 7.4% of the total revenue, which also increased steadily from approximately 5.6% in 2020. The gross profit of the community value-added service business accounted for approximately 10.0% of the overall gross profit. The increase in the scale of community value-added services was mainly due to (i) the increase in the Group's projects under management; and (ii) the provision of targeted and diversified value-added services after digging deeper into the needs of property owners.

Impacts of the COVID-19 epidemic

There were sporadic outbreaks of the COVID-19 epidemic in 2021, and the impact was significantly reduced compared to that in 2020. In response to the COVID-19 epidemic, the Group has formulated effective epidemic prevention plans based on its accumulated ample experience, responded to sporadic emergencies in an orderly manner, and carried out daily prevention. For the year ended 31 December 2021, the cost of the Group's purchase anti-epidemic supplies was RMB0.39 million, with a year-on-year decrease of 72.1%. Combined with the effective prevention and control and subsidy policies of the local government and the support and funding of RMB2.03 million from general public, the Board believes that the overall cost will not have a material adverse effect on the financial performance and financial position of the Group.

For the year ended 31 December 2021, the Group was relatively less affected by the spread of the COVID-19 in the area under management, and only 6 projects were delayed in delivery due to the impact of COVID-19. Therefore, the impact of COVID-19 epidemic on the Group's operations and finances was minimal.

The long-term existence and intermittent outbreak of the COVID-19 epidemic, to a certain extent, has also increased the level of trust and reliance by many property owners on the services of property management companies, and promoted the development of value-added services offered by property management companies, such as delivery services, purchasing agent service, house cleaning and disinfecting services. During the period of COVID-19 epidemic, the Group has provided convenience for home quarantine for customers who need to be isolated and observed, and has provided services for assisting home quarantine customers in purchasing daily supplies. At the same time, the Group's regional macroeconomic development plans and talent attraction plans remain unchanged, and the outlook for the demand of residential and commercial properties and related property management services mainly in the Yangtze River Delta region will remain positive. Therefore, it can be inferred that the COVID-19 epidemic will provide an opportunity for the rapid development of the Group's property management business in the long run.

FINANCIAL REVIEW

Revenue

The revenue of the Group derives from three types of services: (i) property management services; (ii) value-added services to property developers; and (iii) community value-added services. The revenue of the Group increased by approximately 33.4% from approximately RMB615.1 million for the year ended 31 December 2020 to approximately RMB820.5 million in for the year ended 31 December 2021.

The following table sets forth the details of the Group's revenue by types of services for the years indicated:

	Year ended 31 December					
	2021		2020		Changes	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Property management services	649,013	79.1	507,595	82.5	141,418	27.9
Value-added services to property developers	110,507	13.5	72,783	11.9	37,724	51.8
Community value-added services	61,022	7.4	34,718	5.6	26,304	75.8
	820,542	100.0	615,096	100.0	205,446	33.4

Property management services

Revenue from property management services increased by approximately 27.9% from approximately RMB507.6 million for the year ended 31 December 2020 to approximately RMB649.0 million for the year ended 31 December 2021, primarily attributable to (i) the increase in the GFA under management; and (ii) the increase in average property service fee.

Value-added services to property developers

Revenue from value-added services to property developers increased by approximately 51.8% from approximately RMB72.8 million for the year ended 31 December 2020 to approximately RMB110.5 million for the year ended 31 December 2021, primarily attributable to the increase in the number of venue services items and new projects delivered.

Community value-added services

Revenue from community value-added services increased by approximately 75.8% from approximately RMB34.7 million for the year ended 31 December 2020 to approximately RMB61.0 million for the year ended 31 December 2021, primarily due to the increase in value-added service items and the increase in the number of residents to whom the Group provided community value-added services.

Cost of services and sales

The cost of services and sales consists of (i) employee benefit expenses; (ii) maintenance expenses; (iii) expenses for utility; (iv) cleaning and security expenses; (v) greening and gardening expenses; (vi) taxes and surcharges; (vii) office and communication expenses; and (viii) other expenses such as depreciation and amortisation.

Cost of services and sales increased by approximately 31.4% from approximately RMB428.0 million for the year ended 31 December 2020 to approximately RMB562.4 million for the year ended 31 December 2021, primarily due to the increase in salary base as a result of an increase of the employees and staff resulting from business expansion.

Gross profit and gross profit margin

The gross profit of the Group increased by approximately 37.9% from approximately RMB187.1 million for the year ended 31 December 2020 to approximately RMB258.1 million for the year ended 31 December 2021, which was mainly due to the increase in revenue of the Group as a result of the increase in business scale.

The gross profit margin increased from approximately 30.4% for the year ended 31 December 2020 to approximately 31.5% for the year ended 31 December 2021. Such increase was primarily attributable to the significant increase in the Group's profitability in 2021, benefiting from standardised operations, effective cost control and economies of scale.

The following table sets forth the details of the Group's gross profit and gross profit margin by types of services for the years indicated:

	For the year ended 31 December			
	2021		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*
Property management services	197,094	30.4	151,275	29.8
Value-added services to property developers	35,358	32.0	21,715	29.8
Community value-added services	25,693	42.1	14,136	40.7
Total	258,145	31.5	187,126	30.4

Property management services

The gross profit margin of property management services increased from approximately 29.8% for the year ended 31 December 2020 to approximately 30.4% for the year ended 31 December 2021, which was mainly due to (i) economies of scale as a result of the business expansion; (ii) the implementation of cost-saving measures, such as application of automated tools, advanced technology and standardisation of procedures; and (iii) the increase in the average property management fee.

Value-added services to property developers

The gross profit margin of value-added services to property developers increased from approximately 29.8% for the year ended 31 December 2020 to approximately 32.0% for the year ended 31 December 2021, primarily due to (i) the increase in the number of newly-added venue services items and service fees; and (ii) the increase in pre-planning and design consulting service fees.

Community value-added services

The gross profit margin of community value-added services increased from approximately 40.7% for the year ended 31 December 2020 to approximately 42.1% for the year ended 31 December 2021, primarily due to (i) the benefit from the economies of scale achieved as the Group provided value-added services to an increasing number of projects; and (ii) the Group's continued efforts to diversify the service offerings.

Other income and expenses, net

Other net income increased from approximately RMB4.7 million for the year ended 31 December 2020 to approximately RMB18.3 million for the year ended 31 December 2021 mainly due to (i) the listing subsidies and other governmental incentives and subsidies obtained; and (ii) the increase in value-added tax refund as a result of the tax regulations on value-added tax deductions issued in April 2019, which allows the taxpayers in the home-living service industries to enjoy additional 10% input value-added tax deduction.

Selling and marketing expenses

Selling and marketing expenses increased from approximately RMB10.0 million for the year ended 31 December 2020 to approximately RMB12.5 million for the year ended 31 December 2021, representing an increase of approximately 24.8%, mainly as a result of increased advertising expenses and employee benefit expenses which was in line with the business expansion of the Group.

Administrative expenses

Administrative expenses increased from approximately RMB71.0 million for the year ended 31 December 2020 to approximately RMB86.8 million for the year ended 31 December 2021, representing an increase of approximately 22.2%. The increase in administrative expenses was mainly attributable to (i) the increase in employee benefit expenses for management and administrative staff as a result of the increase in the headcount of management staff for business expansion and steady growth in average salary of senior management; and (ii) the increase in depreciation and amortisation as a result of business expansion.

Finance costs

Finance costs represented interest expenses on bank borrowings and interest expenses on lease liabilities due to the adoption of HKFRS 16 Leases.

Income tax expenses

Income tax expenses were approximately RMB34.5 million for the year ended 31 December 2021, representing an increase of approximately 5.2% from approximately RMB32.8 million for the year ended 31 December 2020, which was in line with the increase in profit before tax for the year.

Profit and total comprehensive income for the year

As a result of the foregoing, the profit and total comprehensive income for the year increased from approximately RMB70.0 million for the year ended 31 December 2020 to approximately RMB104.2 million for the year ended 31 December 2021.

The profit and total comprehensive income attributable to owners of the Company for the year increased from approximately RMB65.4 million for the year ended 31 December 2020 to approximately RMB100.5 million for the year ended 31 December 2021.

Property and equipment

The property and equipment of the Group increased from approximately RMB18.8 million as at 31 December 2020 to approximately RMB28.8 million as at 31 December 2021, representing an increase of approximately 52.7%, mainly due to the purchase of office and operation equipment and motor vehicles which was in line with business expansion.

Intangible assets

The intangible assets of the Group comprise property management contracts and goodwill resulting from equity acquisition and the purchase of software.

The intangible assets of the Group increased from approximately RMB34.2 million as at 31 December 2020 to approximately RMB154.5 million as at 31 December 2021, representing an increase of approximately 351.8%, mainly due to property management contracts and goodwill resulting from the equity acquisition during the year.

Trade and other receivables

Trade receivables mainly arise from provision of property management services, value-added services to property developers and community value-added services. Trade receivables of the Group, net of allowance for impairment, increased from approximately RMB213.3 million as at 31 December 2020 to approximately RMB328.8 million as at 31 December 2021, representing an increase of approximately 54.1%. Such increase was primarily due to the increasing number of property management projects managed by the Group.

Other receivables mainly consist of deposits and payments made on behalf of customers. Other receivables, net of allowance for impairment increased from approximately RMB28.0 million as at 31 December 2020 to approximately RMB41.6 million as at 31 December 2021 because of the increase in performance bond as a result of the increase in new projects under management.

Trade and other payables

Trade payables represent the obligations to pay for goods and services acquired in the ordinary course of business from sub-contractors. Trade payables increased from approximately RMB23.8 million as at 31 December 2020 to approximately RMB61.3 million as at 31 December 2021, representing an increase of approximately 157.2%. Such increase was mainly due to the increase in sub-contracting costs as a result of the increase in property projects under the Group's management, which was in line with the business expansion of the Group.

Other payables mainly represent (i) consideration payable for business combinations; (ii) payroll payable; (iii) deposits received such as performance bond, retention deposits from property owners, decoration deposits and tender bond; and (iv) owners' maintenance fund which represented various proceeds received on behalf of the property owners. Other payables increased from approximately RMB281.7 million as at 31 December 2020 to approximately RMB328.5 million as at 31 December 2021, mainly due to (i) the increase in consideration payable for business combinations as a result of new equity acquisition during the year; and (ii) the increase in utility charges.

Contract liabilities

Contract liabilities mainly arise from property management fee received upfront as of the beginning of a billing cycle but not recognised as revenue. Contract liabilities increased from approximately RMB88.2 million as at 31 December 2020 to approximately RMB129.8 million as at 31 December 2021, primarily due to the increase in contract liabilities as a result of the increase in the property projects managed by the Group.

Liquidity, financial and capital resources

As at 31 December 2021, the total cash and cash equivalents and restricted bank deposits of the Group amounted to approximately RMB351.8 million and approximately RMB1.3 million, respectively. As at 31 December 2020, the total cash and cash equivalents and restricted bank deposits of the Group amounted to approximately RMB617.8 million and approximately RMB1.2 million, respectively. Such decrease in cash and cash equivalents was mainly due to the deposit of unutilised funds raised by the Group of RMB280.0 million into short-term fixed bank deposits. The restricted bank deposits remained stable throughout the corresponding periods.

As at 31 December 2021, the Group had bank borrowings of approximately RMB52.5 million (2020: nil), among which approximately RMB11.4 million (2020: nil) will be repayable within one year or on demand. As at 31 December 2021, all bank borrowings of the Group were denominated in RMB and carried interest at variable rates (2020: nil). As at 31 December 2021, bank borrowings of approximately RMB52.5 million (2020: nil) were secured by 100% equity interest of Shanghai Baoji and guaranteed jointly by Mr. Shum and an entity controlled by Mr. Shum.

The Group maintained a sound financial position. As at 31 December 2021, the Group's net current assets amounted to approximately RMB462.4 million while the Group's net current assets amounted to approximately RMB448.1 million as at 31 December 2020. As at 31 December 2021, the Group's current ratio (current assets/current liabilities) was approximately 1.85 while the Group's current ratio was approximately 2.07 as at 31 December 2020.

Future plans and prospects

Short-term market turmoil will not weaken the high-quality attributes of the property management industry, nor will it change the basic logic of the development of the property management industry, nor will it shake the Group's firm confidence in long-term growth.

With perseverance and diligence, the Group will forge ahead and strive for progress, and achieve self-improvement and sustainable development.

Adhering to the principle of focusing on development, the Group will implement the strategy of "enhancing direct expansion, highlighting cooperation and optimising mergers and acquisitions" and increase the deployment of projects in key regions such as Yangtze River Delta, Guangdong, Hong Kong and Macao, Bohai Rim, Chengdu-Chongqing, Hunan and Guizhou, to achieve economics of scale and synergies quickly. It will keep involving in market competition, appropriately increase the proportion of third party projects and actively expand projects of schools, hospitals, offices and other areas to make up for the shortcomings in the management format and raise the average charges. Always upholding on the motto of "serving with heart and building better future" and focusing on the themes of "strengthening front line" and "capacity creation", the Group will guide the project team to continuously improve service capabilities, service standards and service quality with an aim to achieving high satisfaction and high payment rate. It will establish a brand development strategy by developing value-added services, expanding urban service coverage and business operation models, deeply integrating smart technology and optimising the revenue structure, so as to comprehensively strengthen its core competitive advantages.

Capital commitments

As at 31 December 2021, the Group did not have any material capital commitments.

Contingent liabilities

As at 31 December 2021, the Group did not have any material contingent liabilities.

Pledge of assets

As at 31 December 2021, except for the 100% equity interest of the subsidiary, Shanghai Baoji, that was pledged as security for bank borrowings, no other assets of the Group were pledged.

MAJOR RISKS AND UNCERTAINTIES

The main risks and uncertainties faced by the Group are set forth below. Such factors are not exhaustive and therefore other risks and uncertainties may also exist.

Industry risks

The operation of the Group may be affected by the regulatory landscape of the People Republic of China ("PRC") property management industry and related measures. In particular, any price control policies of the PRC government in relation to property management fees. The PRC government may also promulgate new laws and regulations related to other aspects of the Group's industry. This could increase the compliance and operational costs of the Group, thereby materially and adversely affecting the business, financial condition and results of operations of the Group. A significant portion of the Group's operations are concentrated in the Yangtze River Delta region. The Group is susceptible to any adverse development in government policies or business environment (including the level of economic activities and the future regional development prospects) in that region. The business performance of the Group depends on the total GFA under management and the number of projects under management. The Group has been seeking to expand the Group's business since the Group's inception through organic growth as well as acquisitions of and investment in other companies. However, the expansion plans of the Group may be affected by the economic condition in general of the PRC, market prospects and development. The Group cannot guarantee that the Group will be able to grow its business as planned.

Business risks

The Group's profitability depends on its ability to estimate or control the costs in performing our property management services. The Group's profit margin and operating results may be significantly and adversely affected by the increase in labor costs, sub-contracting costs and other operating costs. The Group may not be able to collect property management fees from property owners, residents and property developers and as a result, the Group's business, financial position and results of operations may be materially and adversely affected. The Group cannot guarantee that it is able to renew its existing property management service contracts on favorable terms. There is no guarantee that the Group would be able to find other business opportunities and enter into alternative property management service contracts on favorable terms, or at all.

Foreign exchange risk

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in RMB. The major foreign currency source of the Group was the net proceeds received following the successful listing on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 9 December 2020 ("Listing Date"), all of which were denominated in HKD. The Directors expected that the RMB exchange rate would not have any material adverse effect on the operations of the Group. The Group will closely monitor the fluctuations of the RMB exchange rate and adopt prudent measures to reduce potential foreign exchange risk. As at 31 December 2021, the Group did not engage in hedging activities for managing the foreign exchange risk.

Interest rate risk

Except for the interest-bearing bank borrowings, the Group was not exposed to material risk directly relating to changes in market interest rate as at 31 December 2021.

SIGNIFICANT INVESTMENT HELD

The Group had no significant investment held as at 31 December 2021.

MATERIAL ACQUISITIONS AND DISPOSALS

Except for the acquisition of Shanghai Baoji in April 2021 (as described below), the Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2021.

The Group entered into an equity transfer agreement on 16 April 2021 to acquire 100% equity interest of Shanghai Baoji (the "Acquisition") at the consideration in cash of approximately RMB139.2 million. The contracted GFA (for properties to be developed) of Shanghai Baoji was approximately 1.3 million sq.m. and GFA under management of approximately 4.1 million sq.m. as at 31 December 2020. Further details relating to the Acquisition is disclosed in the announcement of the Company dated 16 April 2021.

EMPLOYEES AND REMUNERATION POLICY

The Group had 6,767 full-time employees as at 31 December 2021 (31 December 2020: 5,993). The total staff costs for the year ended 31 December 2021 were approximately RMB424.5 million (2020: RMB332.9 million). Employees' remuneration package includes salary, performance bonus and other welfare subsidies. The remuneration of employees is determined in accordance with the Group's remuneration and welfare policies, the employees' positions, performance, company profitability, industry level and market environment.

STAFF TRAINING AND DEVELOPMENT

Employees are critical to the quality of the Group's services and customer experience. Providing employees with career advancement prospects and training in the professional skills necessary to the business is part of the Group's long-term initiative to retain and motivate talents. The Group regularly provides training programmes among management, which are designed to meet the Group's business needs and long-term strategies. The Group draws up course curriculums each year for its employees covering key areas of business operations, including but not limited to corporate culture and policies, technical knowledge required for certain positions, leadership skills and general knowledge of the nature of the Group's services. The Group has capitalised on its industry expertise and developed up to 300 courses for employees, which are provided through onsite training and online platforms such as WeChat and DingTalk. The Group's courses are given by over 60 lecturers composed of managers and other industry experts employed by the Group.

Despite the impact of the COVID-19 epidemic in 2021, the Group has still actively organised various training programmes. For the year ended 31 December 2021, the Group organised training sessions for senior management with 126 participants and a total of 6,048 hours, training sessions for middle management with 1,020 participants and a total of 48,960 hours and training sessions for general staff with 23,302 participants and a total of 419,436 hours. The Group has also engaged third party lecturers from time to time to enhance its training programmes. In addition, the Group has sent its staff to attend professional training courses organised by external training institutions according to their specific job duties. The Group has developed comprehensive training programmes for different levels of employment. The Group's human resources department normally draws up an annual training plan at the end of each year based on the specific training requirements under the "Yuan Power" ("源動力") programme, induction, on-the-job training, back-up general manager training and promotion training programmes. The Group incorporates mentorship, assessment, feedback and evaluation processes into the training plans to facilitate employee growth and development. The Group believes that its comprehensive training programmes and on-the-job learning facilitate the development and progress of its employees.

DIRECTORS AND SENIOR MANAGEMENT

CHAIRMAN, EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

Mr. Zhu Hongge (朱宏戈), aged 61, was appointed as an executive Director, the chief executive officer and the chairman of the Board on 11 June 2020 and is chairman of the Nomination Committee of the Company. He is responsible for the overall operational management and strategic planning of the Group. He served as the general manager of Zhejiang Jiayuan Property Services Group Company Limited (浙江佳源物業服務集團有限公司) ("Zhejiang Jiayuan Services") from April 2016 to December 2016. Since December 2016, he has been serving as the president of the Group where he has been primarily responsible for the overall management and strategic planning of the Group. He also holds directorships in various members of the Group. Mr. Zhu has over 10 years of experience in the property management and property development industry. From November 2009 to January 2011, he was the general manager of Zhejiang Jiayuan Services. From November 2012 to April 2014, Mr. Zhu served as the general manager of Haiyan Jiayuan Real Estate Co., Ltd. (海鹽縣佳源房地產開發有限公司). From September 2013 to March 2016, he served as the general manager of Pinghu Jiayuan Tourism Development Co., Ltd. (平湖市佳源旅遊開發有限公司), a company principally engaged in property development, where he was primarily responsible for its daily operation management. From March 2016 to December 2016, he served as a president assistant at Zhejiang Jiayuan Medical and Health Management Group Co., Ltd. (浙江佳源醫養健康管理集團有限公司). Mr. Zhu obtained a diploma in mathematics from Zhengzhou University (鄭州大學) in the PRC via distance learning in June 1987.

EXECUTIVE DIRECTORS

Mr. Bao Guojun (鮑國軍) (with former name as Bao Jinfei (鮑金飛)), aged 37, was appointed as an executive Director on 9 August 2021. Mr. Bao has over 14 years of experience in property management and property development industry. From March 2007 to February 2011, he worked at Zhejiang Jiayuan Services, an indirect wholly-owned subsidiary of the Company, with his last position as the branch manager where he was primarily responsible for project management. From March 2011 to June 2016, he left the Group and worked at Lujiang Guangyuan Real Estate Development Co., Ltd. (廬江縣廣源置業發展有限公司), a company indirectly and wholly-owned by Mr. Shum Tin Ching ("Mr. Shum") who is one of the controlling Shareholders, and was mainly engaged in property development, with his last position as an office director, where he was primarily responsible for human resources, administration and property management. From July 2016 to December 2016, he worked at Lujiang Jiayuan Real Estate Development Co., Ltd. (廬江縣佳源房地產開發有限公司), a company indirectly wholly-owned by Mr. Shum and was mainly engaged in property development, with his last position as an office director and assistant to the general manager, where he was primarily responsible for providing assistance to the general manager. He joined the Group in December 2016 as the deputy general manager of the integrated management center of the Group, and was appointed as the general manager of the integrated management center in January 2018, mainly responsible for the management of the integrated management center. Mr. Bao is currently the general manager and a director of Hunan Jiayuan Huaguan Property Services Company Limited (湖南佳源華冠物業服務有限公司), an indirect non-wholly-owned subsidiary of the Company.

Mr. Bao obtained a bachelor's degree in public affairs management from Jiaxing University (嘉興學院) in the PRC in June 2007.

Mr. Pang Bo (龐博), aged 39, was appointed as a non-executive Director on 11 June 2020 and is a member of the Remuneration Committee of the Company. He has been re-designated from a non-executive Director to an executive Director and appointed as one of the joint company secretaries of the Company with effect from 8 October 2021. He is primarily responsible for providing guidance and formulation of business strategies for the overall development of the Group. Mr. Pang has over 14 years of experience in capital operation and corporate management. From September 2006 to September 2010, he worked as an assistant to the chairman and the representative of securities affairs of the board of Minfeng Special Paper Co., Ltd. (民豐特種紙股份有限公司), a company listed on the Shanghai Stock Exchange (Stock Code: 600235). From September 2010 to June 2015, Mr. Pang served as the board secretary and party branch secretary of Zhejiang ODM Transmission Technology Co., Ltd. (浙江歐迪恩傳動科技股份有限公司). From June 2015 to April 2017, he worked as the board secretary and investment director of Jiangxi Zhanyu New Energy Co., Ltd. (江西展宇新能源股份有限公司). Since April 2017, he took various positions in Jiayuan Chuangsheng Holding Group Company Limited (佳源創盛控股集團有限公司), a company indirectly wholly-owned by Mr. Shum, including the chief officer of listing management, assistant to the general manager, deputy general manager and general manager of the capital operation department. Since April 2019, he has been serving as a director of Zhejiang Xigu Digital Technology Co., Ltd. (浙江西谷數字技術股份有限公司), a company listed on the National Equities Exchange and Quotations (Stock Code: 836081). Since October 2019, he has been serving as a director of Qingdao Jiayuan Real Estate Co., Ltd. (青島佳源房地產集團有限公司), a property development company indirectly wholly-owned by Mr. Shum. Since August 2020, he has been serving as a general manager of the investment and development department of Jiayuan International Group Limited (佳源國際控股有限公司) ("Jiayuan International"), a company listed on the Main Board of the Stock Exchange (Stock Code: 2768) and a controlling Shareholder of the Company. Since 12 May 2021, he has been serving as a director of Shenzhen Ecobeauty Co., Ltd. (深圳美麗生態股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000010).

Mr. Pang obtained a bachelor's degree in economics from Jiaxing University (嘉興學院) in the PRC in June 2006. Mr. Pang obtained the board secretary certificate awarded by the Shanghai Stock Exchange and the board secretary certificate awarded by the Shenzhen Stock Exchange in November 2006 and March 2014, respectively.

NON-EXECUTIVE DIRECTORS

Mr. Huang Fuqing (黃福清), aged 59, was appointed as a non-executive Director on 11 June 2020 and is primarily responsible for providing guidance and formulation of business strategies for the overall development of the Group. Mr. Huang has over 16 years of experience in the property development industry. From December 2003 to December 2009, he was the general manager of Changzhou Zhongchuang Property Development Co., Ltd. (常州市中創房地產開發有限公司. From January 2010 to December 2010, Mr. Huang served as the general manager of Changzhou Tianyu Property Development Co., Ltd. (常州天宇房地產開發有限公司). From January 2011 to December 2014, he worked at Zhejiang Jiayuan Real Estate, with his last position as the executive general manager. From September 2013 to December 2014, he worked as the general manager of Changzhou Jinyuan Property Development Co., Ltd. (常州金源房地產開發有限公司). From September 2014 to July 2018, he was the general manager of Nanjing Xinhaoning Property Development Co., Ltd. (南京新浩寧房地產開發有限公司). Since December 2014, Mr. Huang has been working as the general manager of Hong Kong Jia Yuan Holdings Limited (香港佳源集團有限公司). Since September 2018, Mr. Huang has been working as the president of Ninggang Jiayuan Investment Consulting Group Co., Ltd. (寧港佳源投資諮詢集團有限公司). Mr. Huang has also been serving as an executive director and vice chairman of the board of Jiayuan International since July 2015 and August 2016, respectively. He is also a director of certain subsidiaries of Jiayuan International.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Liang Yunxu (梁蘊旭) (also known as Ms. Liang Yiping (梁一萍)), aged 59, was appointed as an independent non-executive Director on 21 October 2020 and is the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee of the Company. She is responsible for providing independent advice on the operations and management of the Group. Ms. Liang has over 23 years of experience in financial and banking industry. From June 1996 to November 2017, Ms. Liang held a number of positions at Jiaxing branch of the Bank of Communications Limited (交通銀行股份有限公司), a bank listed on the Shanghai Stock Exchange (Stock Code: 601328), with her last position as the president of the Jiaxing branch. Since November 2018, she has been an independent director and chairman of the risk management committee of the board of the Bank of Jiaxing (嘉興銀行). From January 2019 to January 2021, she has been serving as the business consultant of the Zhejiang Anji BoCom Rural Bank Co., Ltd. (浙江安吉交銀村鎮銀行). Ms. Liang obtained a master's degree in business administration from Fudan University (復旦大學) in the PRC in January 2011.

Mr. Wang Huimin (王惠敏), aged 62, was appointed as an independent non-executive Director on 21 October 2020 and is a member of the Audit Committee and the Remuneration Committee of the Company. He is responsible for providing independent advice on the operations and management of the Group. Mr. Wang has over 29 years of experience in the property development industry. Since January 1992, Mr. Wang has been working at China Real Estate Industrial Association (中國房地產業協會), where he successively served as an assistant to the director of its communication department, deputy director of its publicity and training department, director of its cooperative development department and vice secretary general and is currently serving as its honorary vice president, vice secretary general, director of "Guangsha Prize" (廣廈獎) selection office and director of credit construction office, primarily responsible for organizing the credit ranking and awards to property developers in the PRC.

Mr. Wong Kwok Yin (王國賢), aged 42, was appointed as an independent non-executive Director on 21 October 2020 and is the chairman of the Audit Committee and a member of the Nomination Committee of the Company. He is responsible for providing independent advice on the operations and management of the Group. Mr. Wong has over 15 years of experience in investment banking. From March 2006 to November 2006, he was a business valuer in Vigers Appraisal and Consulting Limited (威格斯資產評估顧問有限公司). From November 2006 to April 2007, he worked as the executive of Platinum Management Services Limited (百德能管理服務有限公司). From April 2007 to June 2017, he successively served as an associate manager and associate director at Investec Capital Asia Limited (天達融資亞洲有限公司). Since July 2017, he has been working for VMS Securities Limited (鼎珮證券有限公司), a company mainly engaged in securities brokerage and corporate finance services in Hong Kong and is licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO, where he is currently a managing director of corporate finance department and is responsible for business development and overseeing the overall operation of the corporate finance department.

Mr. Wong obtained a bachelor's degree of science majoring in applied chemistry from Hong Kong Baptist University in December 2002. He also obtained a master's degree of arts majoring in accounting and information systems from the City University of Hong Kong in November 2005. He was admitted as a fellow of the Association of Chartered Certified Accountants in September 2015. He was a licensed representative and was accredited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO since December 2006 and was accredited as a responsible officer in November 2016 to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. He is currently a principal sponsor at VMS Securities Limited (鼎珮證券有限公司).

SENIOR MANAGEMENT

Ms. Rui Ping (芮萍), aged 48, was appointed as a general manager of the quality operations center of the Group in January 2018. She is primarily responsible for quality control and the management of the quality operations center of the Group. She joined the Group in December 2016 as a deputy general manager of the operational management center of the Group. Ms. Rui has over 15 years of experience in property management industry. Prior to joining the Group, Ms. Rui worked at the Tongxiang branch of Zhejiang Jiahang Property Management Company Limited (浙江嘉杭物業管理有限公司) (formerly known as Jiaxing Jiaye Yangguang Property Management Co., Ltd. (嘉興市嘉業陽光物業管理有限公司) in 2006. From March 2008 to March 2012, she successively served as a manager of the supervision department and a manager of the operational and management department of Jiayuan Services. From April 2012 to December 2016, she left the Group and worked at Zhejiang Wanbohui Investment Management Co., Ltd. (浙江萬博匯投資管理有限公司), with her last position as a manager of its operational and management department. Ms. Rui obtained a diploma in administrative management from The Open University of China (國家開放大學) (formerly known as China Central Radio and TV University) (中央廣播電視大學)) in the PRC in January 2008.

Ms. Lu Yuping (陸鈺萍), aged 43, was appointed as the deputy general manager of the finance center of the Group in January 2020 and is primarily responsible for overseeing the financial affairs of the Group. She joined the Group in April 2007. Ms. Lu has over 22 years of experience in accounting and property management matters. Prior to joining the Group, from October 1998 to July 2006, she worked as an accountant at Zhejiang Donglin Co., Ltd. (浙江東菱股份有限公司). From July 2006 to April 2007, Ms. Lu worked as an accountant at Dongming Industrial (Jiaxing) Co., Ltd. (東明實業(嘉興)有限公司). Ms. Lu obtained a diploma in accounting from Zhejiang Institute of Economics and Trade (浙江經貿職業技術學院) in the PRC in June 2008.

Ms. Zhang Yaqin (張亞琴), aged 40, was appointed as a deputy general manager of the human resources management center of the Group in January 2020 and is primarily responsible for the overall management of human resources of the Group, in April 2021, has been concurrent in charge of the Group's comprehensive management center and is responsible for administrative comprehensive affairs. She joined the Group in July 2007 as a staff in the human resources and administrative department of the Group and served as an assistant manager of the human resource and administrative department in August 2016, where she was primarily responsible for overseeing the administrative affairs of the Group. From January 2017 to December 2019, she served as the administrative secretary in the integrated management center of the Group, where she was primarily responsible for administrative management and establishment of internal system. Prior to joining the Group, from October 2006 to March 2007, Ms. Zhang worked at Jiaxing Yihe Import and Export Trading Co., Ltd. (嘉興市億禾進出口貿易有限公司), a company mainly engaged in commodity distribution and import and export of technology. Ms. Zhang obtained a bachelor's degree in art designing from Zhejiang Sci-Tech University (浙江理工大學) in the PRC in June 2004.

Mr. Deng Guanghua (鄧廣華), aged 38, joined the Group in August 2021 as the general manager of the investment and development center of the Group and is mainly responsible for the overall investment and development management of the Group.

Mr. Deng Guanghua has over 12 years of experience in industrial and commercial administration, real estate development investment and property management. Before joining the Group, he worked in Zhejiang Zhaohui Filter Technology Co., Ltd. as the secretary to the president and manager of the administration department in December 2008, mainly responsible for administrative management. In April 2011, he served as the secretary to the chairman of Sanhang Holding Group Co., Ltd., mainly responsible for the affairs related to the board of directors. From June 2011 to January 2015, he successively served as the deputy manager of the comprehensive planning department and the manager of the material decoration department in Jiaxing Zhencai Building Materials Co., Ltd. (嘉興市真才建築材料有限公司) (a real estate development supporting company indirectly wholly-owned by Mr. Shum), mainly responsible for the introduction of strategic cooperative suppliers of building materials and equipment and the management of centralised product procurement and supply. From January 2015 to July 2021, he served as the general manager of the comprehensive management center and subsequently the general manager of the investment development center in Zhejiang Jiayuan Hangzhou Real Estate Group Co., Ltd. (浙江佳源杭城房地產集團有限公司) (a real estate development company indirectly wholly-owned by Mr. Shum), in charge of the company's human resources, administrative management, investment development management, compliance control and risk management.

Mr. Deng Guanghua obtained a bachelor's degree in business administration from Xi'an University of Finance and Economics in June 2006, and a master's degree in business management from Zhejiang University of Finance and Economics in March 2009.

JOINT COMPANY SECRETARIES

Mr. Chan Yu Hin has resigned as a company secretary and Mr. Pang Bo and Ms. Leung Kwan Wai (梁君慧) were appointed as the joint company secretaries of the Company on 8 October 2021. For biographical information of Mr. Pang Bo, please refer to the above paragraph headed "Directors and Senior Management – Executive Directors".

Ms. Leung Kwan Wai (梁君慧), was appointed as one of the joint company secretaries of the Company on 8 October 2021 and is currently a manager of Corporate Services Division of Tricor Services Limited, a global professional services provider specialising in integrated business, corporate and investor services. Ms. Leung has over 15 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Leung is a Chartered Secretary, a Chartered Governance Professional and an associate of both The Hong Kong Chartered Governance Institute (formerly The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly The Institute of Chartered Secretaries and Administrators) in the United Kingdom.

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.

PRINCIPAL ACTIVITIES

The principal activities of the Company and its subsidiaries are provisions of property management services, value-added services and community value-added services in the PRC. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS

The results of the Group for the year ended 31 December 2021 are set out in the consolidated income statement on page 55 of this annual report.

DIVIDENDS

The Company has adopted a dividend policy, which aims to set out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its net profits, as dividends to the Shareholders.

The Board is committed to maintaining a stable dividend policy to ensure sustainable and steady returns for Shareholders. After considering the composition of the profit and cash flows of the Group, the Board recommended a final dividend of HK79 cents per ten ordinary shares to Shareholders whose names appear on the register of members of the Company on 20 June 2022 (the "2021 Proposed Final Dividend").

The 2021 Proposed Final Dividend is subject to the approval of the Shareholders at the annual general meeting to be held on 9 June 2022. The 2021 Proposed Final Dividend will be declared and paid in Hong Kong dollars.

As at the date of this annual report, the Board was not aware that any Shareholders of the Company had waived or agreed to any arrangement to waive dividends.

BUSINESS REVIEW

A fair review of the Group's business, a discussion and analysis of the Group's performance during the year, the material factors underlying its results and financial position and the likely future development are included in the section headed "Management Discussion and Analysis" from pages 5 to 15 of this annual report. Discussion details on the Group's environmental policies and performance are set out in the "Environmental Policies and Performance"; the status of the Group's compliance with the relevant laws and regulations that have material impact on the Group is set out in the section headed "Compliance with Laws and Regulations" below; and the description of the principal risks and uncertainties facing the Company is set out in the section headed "Management Discussion and Analysis". The aforesaid discussion forms a part of the Directors' Report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Company will publish an Environmental, Social and Governance Report separately on the websites of the Company and the Stock Exchange no later than five months after 31 December 2021.

COMPLIANCE WITH LAWS AND REGULATIONS

The Board places emphasis on the Group's policies and practices on compliance with legal and regulatory requirements. External legal advisers are engaged to ensure transactions and businesses performed by the Group are within the applicable legal framework. Updates on applicable laws, rules and regulations are brought to the attention of relevant employees and operation units from time to time. The Group continues to comply with the relevant laws and regulations such as the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), and other applicable laws and regulations. Based on information available, the Directors take the view that the Group has complied with the relevant laws and regulations that have a significant impact on the operations of the Group during the year ended 31 December 2021.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders who are entitled to attend and vote at the forthcoming annual general meeting of the Company which will be held on Thursday, 9 June 2022 (the "Annual General Meeting"), the register of members of the Company will be closed from Monday, 6 June 2022 to Thursday, 9 June 2022, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the Annual General Meeting, all transfer documents accompanied by the relevant share certificates should be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 2 June 2022.

For determining the entitlement to the 2021 Proposed Final Dividend (subject to approval by the Shareholders at the Annual General Meeting), the register of members of the Company will be closed from Thursday, 16 June 2022 to Monday, 20 June 2022 (both dates inclusive), during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 15 June 2022.

FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 136 of this annual report.

PROPERTY AND EQUIPMENT

Details of movements in the property and equipment of the Group during the year ended 31 December 2021 are set out in note 17 to the consolidated financial statements.

BANK BORROWINGS

Details of the bank borrowings of the Group during the year ended 31 December 2021 are set out in note 26 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2021 are set out in note 23 to the consolidated financial statements.

TAX RELIEF

The Company is not aware of any relief from taxation available to the Shareholders of the Company by reason of their holding of the shares of the Company.

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended 31 December 2021 are set out in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

As at 31 December 2021, the Company's reserves available for distribution under the Companies Laws of the Cayman Islands, consisted of share premium and retained earnings amounted to RMB463.9 million.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year ended 31 December 2021 or subsisted at the end of the year.

SIGNIFICANT RELATIONSHIP WITH STAKEHOLDERS

Employees

As of 31 December 2021, the Group had a total number of 6,767 employees. During the reporting period, relationship between the Company and the employees remained stable. The Company did not experience any strikes or other labor disputes which would have material impact on the business activities of the Company.

Customers

The Group understands the importance of maintaining good relationship with customers. The Group has established internal policies and procedures to timely record, respond to and follow up with customers' complaints and feedback which allows the Group to expand its service offerings, and improve its communication methods and issue handling capabilities based on customer experiences.

Suppliers

During day-to-day operation and management, the Company maintained constant communication with the suppliers to understand their opinions and requirements and responded actively in order to enhance trust in partnering suppliers and strengthen bilateral cooperative relationship.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2021, both the percentage of purchases attributable to the Group's five largest suppliers and the percentage of revenue attributable to the Group's five largest customers were less than 30% of the total purchases and total revenue of the Group respectively.

DIRECTORS

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

Executive Directors

Mr. Zhu Hongge (Chairman and Chief Executive Officer)
Mr. Bao Guojun (appointed on 9 August 2021)
Mr. Pang Bo (re-designated from non-executive director to executive director on 8 October 2021)
Ms. Mu Liyuan (resigned on 9 August 2021)

Non-executive Director

Mr. Huang Fuqing

Independent Non-executive Directors

Ms. Liang Yunxu
Mr. Wang Huimin
Mr. Wong Kwok Yin

In accordance with the Articles of Association and the Corporate Governance Code contained in Appendix 14 to the Listing Rules, Mr. Bao Guojun, Mr. Pang Bo, Mr. Huang Fuqing and Ms. Liang Yunxu will retire and, being eligible, will offer themselves for re-election at the AGM.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and senior management are set out in the section headed "Directors and Senior Management" on pages 16 to 20 of this annual report.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed herein, at no time during the year ended 31 December 2021 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate; and none of the Directors, or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year ended 31 December 2021.

DIRECTORS' SERVICE CONTRACTS

Mr. Zhu Hongge, an executive Director, has entered into a service agreement with the Company on 11 June 2020 for a term of three years commencing from the Listing Date, while the other two executive Directors, Mr. Bao Guojun and Mr. Pang Bo, has entered into service agreements with the Company on 9 August 2021 and 8 October 2021, respectively, for a term of three years commencing on the date of the service agreements. Such service agreements may be terminated in accordance with the terms of the service agreements.

Mr. Huang Fuqing, the non-executive Director, was appointed to the Board pursuant to a letter of appointment dated 11 June 2020 and each of the independent non-executive Directors, namely Ms. Liang Yunxu, Mr. Wang Huimin and Mr. Wong Kwok Yin, was appointed to the Board pursuant to their respective letters of appointment dated 21 October 2020. Each of the non-executive Director and independent non-executive Directors was appointed for an initial term of three year commencing from the Listing Date, and such appointment may be terminated in accordance with the terms of the letters of appointment.

All the Directors are subject to retirement by rotation and re-election at an annual general meeting at least once every three years in accordance with the Articles of Association of the Company.

Saved as disclosed herein, no Director proposed for re-election at the Annual General Meeting of the Company has a service contract that is not determinable within one year without payment of compensation, other than statutory compensation.

Each of the executive Directors is entitled to a basic salary pursuant to their respective service agreements, which is determined with reference to their responsibilities, experience, performance and the prevailing market conditions. In addition, each of them is entitled to a bonus of such amount as the Board may determine in respect of each complete financial year of the Company.

Mr. Huang Fuqing is not entitled to remuneration and benefits for holding his office as a non-executive Director. Each of the independent non-executive Directors is entitled to a director's fee pursuant to his/her letters of appointment, which is determined with reference to his/her responsibilities, experience, performance and the prevailing market conditions. Save for director's fee, each of the independent non-executive Directors is not expected to receive any other remuneration and benefits for holding his/her office as independent non-executive Director respectively.

REMUNERATION OF THE DIRECTORS

Details of remuneration of the Directors during the year ended 31 December 2021 are set out in note 12 to the consolidated financial statements.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the three independent non-executive Directors, a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent in accordance with Rule 3.13.

NON-COMPETE UNDERTAKINGS

Each of the controlling Shareholders of the Company has confirmed to the Company of his/its compliance with the non-compete undertakings provided to the Company under the Deed of Non-Competition (as defined in the Prospectus). The independent non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the Deed of Non-Competition have been complied with by the controlling Shareholders during the period commencing from the Deed of Non-Competition and up to the date of this report.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors had any direct or indirect interest in a business which competed or might compete with the business of the Group as required to be disclosed under Rule 8.10 of the Listing Rules since the Listing Date and up to the date of this report.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as disclosed herein, none of the Directors had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during or at the end of the year.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association of the Company, Directors, managing directors, alternate Directors, auditors, secretary and other officers for the time being of the Company and the trustees for the time being acting in relation to any of the affairs of the Company, and their respective executors or administrators, shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their executors or administrators, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts.

The Company has also arranged appropriate directors' and officers' liability insurance for the Directors and officers of the Group.

SHARE OPTION SCHEME

The Company had no share option scheme.

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.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OR DEBENTURES

As at 31 December 2021, the interest and/or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and short positions which they were taken or deemed to have under such provision of the SFO) or which were required to be and were recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules (the "Model Code") were as follows:

(a) Interest in associated corporation of the Company

Name of Director	Name of associated corporation	Nature of interest	Number of ordinary shares held[1]	Approximate percentage of shareholding
Mr. Zhu Hongge	Jiayuan International	Beneficial owner	64,000 (L)	0.002%

Note:

(1) The letter "L" denotes the Director's long position in the shares.

Save as disclosed above, as at the date of this report, none of the Directors and chief executive of the Company and their respective close associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be 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 OR DEBENTURES

So far as the Directors are aware as of 31 December 2021, the following persons (other than the Directors or chief executive of the Company) had the following interests or short positions in the shares or underlying shares as recorded in the register required to be kept by the Company under section 336 of the SFO or required to be disclosed under Divisions 2 and 3 of Part XV of the SFO:

Name of substantial Shareholder	Nature of interest	Number of shares or securities held	Approximate percentage of interest in the Company
Chuangyuan Holdings Limited ("Chuangyuan Holdings")	Beneficial owner	450,000,000 (L)	73.56%
Jiayuan Investment Management Limited ("Jiayuan Investment")	Interest in controlled corporation(2)	450,000,000 (L)	73.56%
Jiayuan International	Interest in controlled corporation(2)	450,000,000 (L)	73.56%
Mingyuan Group Investment Limited ("Mingyuan Group")	Interest in controlled corporation(2)	450,000,000 (L)	73.56%
	Beneficial owner	3,200,000 (L)	0.52%
China Jiayuan Group Limited ("China Jiayuan")	Interest in controlled corporation(2)	453,200,000 (L)	74.09%
Galaxy Emperor Limited ("Galaxy Emperor")	Interest in controlled corporation(2)	453,200,000 (L)	74.09%
Mr. Shum	Interest in controlled corporation(2)	453,200,000 (L)	74.09%
Ms. Wang Xinmei	Interest of spouse(3)	453,200,000 (L)	74.09%
First Leading Trading Limited	Beneficial owner	32,124,000 (L)	5.25%

Notes:

(1) The letter "L" denotes the person's long position in the shares of the Company.

(2) As at 31 December 2021, Chuangyuan Holdings is wholly-owned by Jiayuan Investment, which is in turn wholly-owned by Jiayuan International. Jiayuan International is owned as to approximately 67.96% by Mingyuan Group and approximately 1.78% by Mr. Shum in his own personal capacity. Therefore, Mr. Shum is deemed to be interested in Mingyuan Group's interest in Jiayuan International by virtue of the SFO. Mingyuan Group is owned as to 70% by China Jiayuan. China Jiayuan is wholly-owned by Galaxy Emperor, a company directly wholly-owned by Mr. Shum. By virtue of the SFO, each of Jiayuan Investment, Jiayuan International and Mingyuan Group is deemed to be interested in the shares in which Chuangyuan Holdings is interested, and each of China Jiayuan, Galaxy Emperor and Mr. Shum is deemed to be interested in the shares in which Mingyuan Group is interested.

(3) Ms. Wang Xinmei is the spouse of Mr. Shum. By virtue of the SFO, Ms. Wang Xinmei is deemed to be interested in the shares of the Company in which Mr. Shum is interested.

(4) As at 31 December 2021, the total number of issued shares of the Company was 611,709,000.

Save as disclosed above, as at the date of this report, the Directors are not aware of any person who had an interest or short position in the shares and the underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

CONNECTED TRANSACTIONS

The Group entered into certain related party transactions with related parties during the year ended 31 December 2021 which constituted connected transactions or continuing connected transactions of the Group, details of which are set out in note 31 to the consolidated financial statements. They do not constitute notifiable connected transaction under the Listing Rules.

The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

The Group had entered into various transactions which constituted continuing connected transactions under Chapter 14A of the Listing Rules. All the continuing connected transactions during the year that need to be disclosed herein are in compliance with the Listing Rules. The transaction amount of the continuing connected transactions of the Group for the year ended 31 December 2021 is set out below:

	Connected Person	Nature of Transaction	Transaction Amount for Year Ended 31 December 2021 *(RMB'000)*
1	Jiayuan Chuangsheng Holding Group Company Limited (Jiayuan Chuangsheng)(1)	Provision of property management services	5,894
2	Jiayuan Chuangsheng(2)	Provision of value added services	2,978
3	Jiayuan Chuangsheng(3)	Provision of sale management and other Services	41,647
4	Jiayuan International(4)	Provision of property management services	5,930
5	Jiayuan International(5)	Provision of value added services	404
6	Jiayuan International(6)	Provision of sale management and other Services	46,726
7	Hunan Jianhongda Real Estate Development Co.,Ltd. ("Hunan Jianhongda")(7)	Provision of property management services	543

Notes:

(1) Jiayuan Chuangsheng is a company established in the PRC with limited liability on 18 April 1995 and indirectly wholly-owned by Mr. Shum.

On 21 November 2020, the Company entered into a property management services framework agreement ("2020 Chuangsheng Property Management Agreement") with Jiayuan Chuangsheng (for itself and on behalf of its subsidiaries and associates, collectively, "Jiayuan Chuangsheng Group") for a term commencing from the Listing Date to 31 December 2022 under which the Group will provide (a) property management services for completed property units which are unsold or sold but prior to the delivery date as agreed between the Jiayuan Chuangsheng Group and the purchasers, including security, cleaning, greening, and repair and maintenance services; and (b) management services for completed car parking spaces which are unsold or sold but prior to the delivery date as agreed between the Jiayuan Chuangsheng Group and the purchasers.

On 22 December 2021, the Company entered in a property management services and value added services framework agreement with Jiayuan Chuangsheng (for itself and on behalf of its subsidiaries and associates) to terminate the 2020 Chuangsheng Property Management Agreement and the 2020 Chuangsheng Value Added Services Agreement (as defined below) with effect from 1 January 2022, revised annual caps for the year ended 31 December 2021 and provide the new continuing connected transaction arrangements and annual caps for the three years ending 31 December 2024. Save for the revision of the annual caps for the year ending 31 December 2021, the early termination and addition of service scopes, all other principal terms and conditions under the 2020 Chuangsheng Property Management Agreement and the 2020 Chuangsheng Value Added Services Agreement remain the same.

The annual cap for the year ended 31 December 2021 was approximately RMB7.2 million. The annual caps for the years ending 31 December 2022, 2023 and 2024 will be approximately RMB8.5 million, RMB10.2 million and RMB12.3 million, respectively.

(2) On 21 November 2020, the Company entered into a value added services framework agreement ("**2020 Chuangsheng Value Added Services Agreement**") with Jiayuan Chuangsheng (for itself and on behalf of its subsidiaries and associates) for a term commencing from the Listing Date to 31 December 2022 under which the Group will provide catering services for employees of Jiayuan Chuangsheng Group.

On 22 December 2021, the Company entered in a property management services and value added services framework agreement with Jiayuan Chuangsheng (for itself and on behalf of its subsidiaries and associates) to terminate the 2020 Chuangsheng Property Management Agreement and the 2020 Chuangsheng Value Added Services Agreement with effect from 1 January 2022, revised annual caps for the year ended 31 December 2021 and provide the new continuing connected transaction arrangements and annual caps for the three years ending 31 December 2024. Save for the revision of the annual caps for the year ending 31 December 2021, the early termination and addition of service scopes, all other principal terms and conditions under the 2020 Chuangsheng Property Management Agreement and the 2020 Chuangsheng Value Added Services Agreement remain the same.

The annual cap for the year ended 31 December 2021 was approximately RMB4.5 million. The annual caps for the years ending 31 December 2022, 2023 and 2024 will be approximately RMB6.0 million, RMB7.2 million and RMB8.7 million, respectively.

(3) On 21 November 2020, the Company entered into a sales management and other services framework agreement ("2020 Chuangsheng Sales Management Agreement") with Jiayuan Chuangsheng (for itself and on behalf of its subsidiaries and associates) for a term commencing from the Listing Date to 31 December 2022 under which the Group will provide (a) management of the on-site sales office for the sales of properties, including but not limited to cleaning and security services; (b) preliminary planning and design consultancy services in the planning, design, construction and completion phases of property development projects; and (c) cleaning services for the properties on an one-off basis before delivery to homeowners, for property projects developed by the Jiayuan Chuangsheng Group.

On 22 December 2021, the Company entered into a sales management and other services framework agreement with Jiayuan Chuangsheng (for itself and on behalf of its subsidiaries and associates) to terminate the 2020 Chuangsheng Sales Management Agreement with effect from 1 January 2022, revised annual cap for the year ended 31 December 2021 and provide the new continuing connected transaction arrangements and annual caps for the three years ending 31 December 2024. Save for the revision of the annual cap for the year ending 31 December 2021 and the early termination, all other principal terms and conditions under the 2020 Chuangsheng Sales Management Agreement remain the same.

The annual cap for the year ended 31 December 2021 was approximately RMB47.0 million. The annual caps for the years ending 31 December 2022, 2023 and 2024 will be approximately RMB53.0 million, RMB63.6 million and RMB76.4 million, respectively.

(4) Jiayuan International is an exempted company incorporated in the Cayman Islands with limited liability on 5 May 2015 and indirectly holds 73.6% of the issued share capital of the Company.

On 21 November 2020, the Company entered into a property management services framework agreement ("**2020 Jiayuan Property Management Agreement**") with Jiayuan International (for itself and on behalf of its subsidiaries and associates, collectively, the "Jiayuan International Group") for a term commencing from the Listing Date to 31 December 2022 under which the Group will provide (a) property management services for completed property units which are unsold or sold but prior to the delivery date as agreed between the Jiayuan International Group and the purchasers, including security, cleaning, greening, and repair and maintenance services; and (b) management services for completed car parking spaces which are unsold or sold but prior to the delivery date as agreed between the Jiayuan International Group and the purchasers, including cleaning, maintenance and lighting services, for property projects developed by the Jiayuan International Group.

On 22 December 2021, the Company entered into a property management and value added services framework agreement with Jiayuan International (for itself and on behalf of its subsidiaries and associates) to terminate the 2020 Jiayuan Property Management Agreement and the 2020 Jiayuan Value Added Services Agreement (as defined below) with effect from 1 January 2022 and provide the new continuing connected transaction arrangements and annual caps for the three years ending 31 December 2024. Save for the early termination, all other principal terms and conditions under the 2020 Jiayuan Property Management Agreement and the 2020 Jiayuan Value Added Services Agreement remain the same.

The annual cap for the year ended 31 December 2021 was approximately RMB9.2 million. The annual caps for the years ending 31 December 2022, 2023 and 2024 will be approximately RMB12.7 million, RMB15.3 million and RMB18.3 million, respectively.

(5) On 21 November 2020, the Company entered into a value added services framework agreement ("**2020 Jiayuan Value Added Services Agreement**") with Jiayuan International (for itself and on behalf of its subsidiaries and associates) for a term commencing from the Listing Date to 31 December 2022 under which the Group will provide (a) catering services for employees of Jiayuan International Group; and (b) assistance services for the sales of car parking spaces including marketing and advertising services for the Jiayuan International Group.

On 22 December 2021, the Company entered into a property management and value added services framework agreement with Jiayuan International (for itself and on behalf of its subsidiaries and associates) to terminate the 2020 Jiayuan Property Management Agreement and the 2020 Jiayuan Value Added Services Agreement with effect from 1 January 2022 and provide the new continuing connected transaction arrangements and annual caps for the three years ending 31 December 2024. Save for the early termination, all other principal terms and conditions under the 2020 Jiayuan Property Management Agreement and the 2020 Jiayuan Value Added Services Agreement remain the same.

The annual cap for the year ended 31 December 2021 was approximately RMB1.9 million. The annual caps for the years ending 31 December 2022, 2023 and 2024 will be approximately RMB3.1 million, RMB3.8 million and RMB4.5 million, respectively.

(6) On 21 November 2020, the Company entered into a sales management and other services framework agreement ("2020 Jiayuan Sales Management Agreement") with Jiayuan International (for itself and on behalf of its subsidiaries and associates) for a term commencing from the Listing Date to 31 December 2022 under which the Group will provide (a) management of the on-site sales office for the sales of properties, including but not limited to cleaning and security services; (b) preliminary planning and design consultancy services in the planning, design, construction and completion phases of property development projects; and (c) cleaning services on an one-off basis for the properties before delivery to homeowners, for property projects developed by the Jiayuan International Group.

On 22 December 2021, the Company entered into a sales management and other services framework agreement with Jiayuan International (for itself and on behalf of its subsidiaries and associates) to terminate the 2020 Jiayuan Sales Management Agreement with effect from 1 January 2022, revised annual cap for the year ended 31 December 2021 and provide the new continuing connected transaction arrangements and annual caps for the three years ending 31 December 2024. Save for the revision of the annual cap for the year ended 31 December 2021 and the early termination, all other principal terms and conditions under the 2020 Jiayuan Sales Management Agreement remain the same.

The annual cap for the year ended 31 December 2021 was approximately RMB48.0 million. The annual caps for the years ending 31 December 2022, 2023 and 2024 will be approximately RMB58.0 million, RMB69.6 million and RMB83.6 million, respectively.

(7) Hunan Jianhongda is a company established in the PRC with limited liability on 29 August 2001 and directly holds 35% equity interest in Hunan Huaguan Property Services Company Limited, an indirect non-wholly owned subsidiary of the Company.

On 21 November 2020, the Company entered into a property management services framework agreement with Hunan Jianhongda (for itself and on behalf of its subsidiaries and associates, collectively, "Hunan Jianhongda Group") for a term commencing from the Listing Date to 31 December 2022 under which the Group will provide property management services for completed property units which are unsold or sold but prior to the delivery date as agreed between the Hunan Jianhongda Group and the purchasers.

The annual cap for the year ended 31 December 2021 was approximately RMB2.2 million. The annual caps for the years ending 31 December 2022 will be approximately RMB2.4 million.

The independent non-executive Directors confirmed that the above continuing connected transactions have been entered into in the ordinary and usual course of business of the Group on normal commercial terms that are fair and reasonable and in the interests of the Company and its Shareholders as a whole. The independent non-executive Directors further confirmed that the annual caps in respect of the above continuing connected transactions are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

For the purpose of Rule 14A.56 of the Listing Rules, PricewaterhouseCoopers, the auditor of the Company, has provided a letter to the Board, confirming that nothing has come to their attention that causes them to believe that the continuing connected transactions abovementioned:

(i) have not been approved by the Company's board of directors;

(ii) were not, in all material respects, in accordance with pricing policies of the Group for transactions involving the provision of goods or services by the Group;

(iii) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and

(iv) have exceeded the annual cap as set by the Company.

EMOLUMENT POLICY

A Remuneration Committee was set up to make recommendations on the Company's emolument policy and structure for all remuneration of the Directors and senior management of the Group on the basis of their merit, qualifications and competence.

None of the Directors waived any emoluments during the year ended 31 December 2021.

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within knowledge of the Directors, the Company has maintained a sufficient public float as required under the Listing Rules as at the date of this report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2021.

DONATIONS

During the year, the Group made charitable and other donations amounting to RMB50,000.

EVENTS AFTER THE REPORTING PERIOD

The Group does not have significant events after the end of the reporting period.

USE OF NET PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

After deducting the underwriting fees and commissions, the net proceeds received by the Company from the Global Offering and the partial exercise of Over-allotment Option (the "net proceeds") amounted to approximately HKD517.5 million and HKD43.5 million, respectively.

The table below sets out the proposed and actual applications of the net proceeds for the year ended 31 December 2021:

Major categories in the prospectus of the Company dated 27 November 2020 ("Prospectus")	Allocation of net proceeds as stated in the Prospectus and unutilised balance as at 1 January 2021 *Approximately (HK$ million)*	Planned use of net proceeds for the year ended 31 December 2021 *Approximately (HK$ million)*	Actual use of net proceeds for the year ended 31 December 2021 *Approximately (HK$ million)*	Unutilised balance as at 31 December 2021 *Approximately (HK$ million)*	Expected timeline for utilising the unutilised net proceeds
Pursue selective strategic investment and acquisition opportunities and to further develop strategic cooperation	392.7	117.8	75.5	317.2	31 December 2023
Enrich and expand our service offerings	44.9	18.0	17.9	27.0	31 December 2023
Invest in intelligent operational and internal management system to enhance service quality and customer experience	67.3	26.9	7.0	60.3	31 December 2023
Working capital and general corporate purposes	56.1	22.4	22.4	33.7	31 December 2023
Total	561.0	185.1	122.8	438.2	

For the year ended 31 December 2021, the net proceeds from the Listing were utilised and expected to be utilised in the manners as disclosed in the Prospectus except that the timeline for utilising the net proceeds for the year ended 31 December 2021 has been delayed due to reasons set out below.

The Company intends to apply the net proceeds in the manner consistent with that set out in the Prospectus. However, the actual use of proceeds for the year ended 31 December 2021 was lower than planned use of proceeds for the year ended 31 December 2021. In respect of selective strategic investment and acquisition, during the year ended 31 December 2021, the Group only identified a limited number of suitable target companies that the Board considered to be able to expand the Group's business in new markets or create further synergies with the Group's existing business and beneficial to the Group and the Shareholders as a whole. As at the date of this annual report, the Group is still soliciting suitable target companies that is beneficial to the Group's development and will make further announcement when appropriate. In addition, given the sporadic outbreaks of COVID-19, the investment plan in intelligent operational and internal management system has been delayed.

The Board will continuously evaluate the plans for use of the unutilised net proceeds and may revise the plans where necessary in responses to the changing market conditions and the Group's business development and need.

CHANGES IN INFORMATION IN RESPECT OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors of the Company subsequent to the date of the 2021 Interim Report of the Company are set out below:

Mr. Pang Bo has been re-designated from a non-executive Director to an executive Director and appointed as one of the joint company secretaries of the Company with effect from 8 October 2021.

Saved as disclosed above, the Company is not aware of any other changes which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

AUDIT COMMITTEE

The annual results and the audited consolidated financial statements of the Group for the year ended 31 December 2021 have been reviewed by the Audit Committee of the Company. Information on the work of the Audit Committee and its composition are set out in section headed "Corporate Governance Report" on pages 36 to 48 of this annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code for the year ended 31 December 2021.

CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the "Corporate Governance Report" in this annual report.

AUDITOR

The consolidated financial statements for the year ended 31 December 2021 have been audited by Messrs. PricewaterhouseCoopers who shall retire at the Annual General Meeting. A resolution will be proposed at the Annual General Meeting to re-appoint Messrs. PricewaterhouseCoopers as the auditor of the Company.

On behalf of the Board
Zhu Hongge
Chairman

Hong Kong, 29 March 2022

CORPORATE GOVERNANCE REPORT

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

CORPORATE GOVERNANCE PRACTICES

The Company and its management are committed to maintaining good corporate governance with an emphasis on the principles of transparency, accountability and independence to all Shareholders. The Company believes that good corporate governance is an essence for a continual growth and enhancement of shareholders' value. The Company has applied the principles of and complied with the code provisions stipulated in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 to the Listing Rules during the year ended 31 December 2021 with the exception of code provision A.2.1 which is explained below in this report.

The amendments to the CG Code (the "New CG Code") came into effect on 1 January 2022 and the requirements under the New CG code will apply to the Company's corporate governance report in the forthcoming financial year ending 31 December 2022. The Company will continue to review its corporate governance practices with reference to the latest development of corporate governance. The Directors will use their best endeavors to procure the Company to comply with the New CG Code starting from 1 January 2022.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the code of conduct for securities transactions by directors and employees who are likely to be in possession of unpublished inside information of the Company.

The Company, after making specific inquiries to all Directors, confirmed that all of them have complied with the required standards in the Model Code for the year ended 31 December 2021.

In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its Directors in advance.

BOARD OF DIRECTORS

The powers and duties of the Board include convening general meetings and reporting the Board's work at the Shareholders' meetings, determining business and investment plans, preparing the annual financial budgets and financial reports of the Company, formulating proposals for profit distributions and exercising other powers, functions and duties as conferred by the Articles of Association.

Composition of the Board

As at 31 December 2021, the Board comprised the following Directors:

Executive Directors
Mr. Zhu Hongge *(Chairman and Chief Executive Officer)*
Mr. Bao Guojun
Mr. Pang Bo

Non-executive Director
Mr. Huang Fuqing

Independent Non-executive Directors
Ms. Liang Yunxu
Mr. Wang Huimin
Mr. Wong Kwok Yin

The biographical information of the Directors is set out in the section headed "Directors and Senior Management" on pages 16 to 20 of this annual report.

Saved as disclosed herein and to the best knowledge, information and belief of the Directors, each of the Directors has no financial, business, family or other material/relevant relationships with any other Directors, senior management, substantial Shareholders or controlling Shareholders of the Company.

The list of Directors (by category) is disclosed in all corporate communications issued by the Company pursuant to the Listing Rules. A list of the Directors identifying their roles and functions is also available on the Company's website at http://jy-fw.cn/ and on the website of the Stock Exchange.

Chairman and Chief Executive Officer

According to code provision A.2.1 of the CG Code as set out in Appendix 14 to the Listing Rules, the roles of the chairman and chief executive officer of the Company should be separate and should not be performed by the same individual. Mr. Zhu Hongge is the chairman and the chief executive officer of the Company. The Board believes that, under the leadership of Mr. Zhu Hongge, the Board works efficiently and performs its responsibilities with all key and appropriate issues discussed in a timely manner. In addition, as all major decisions are made in consultation with members of the Board and relevant Board committee, and there are three independent non-executive Directors on the Board offering independent perspective, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board shall nevertheless review the structure and composition of the Board from time to time in light of prevailing circumstances, to maintain a high standard of corporate governance practices of the Company.

The Board will continue to review and consider splitting the roles of chairman and chief executive officer at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

Independent non-executive Directors

During the year ended 31 December 2021, the Company has at all times complied with the requirements of the Listing Rules to have at least three independent non-executive Directors representing at least one-third of the Board with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise.

Each of the three independent non-executive Directors has confirmed his independence and the Company considers each of them to be independent in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules.

Non-executive Directors and Directors' Re-Election

Code provision A.4.1 of the CG Code stipulates that non-executive directors shall be appointed for a specific term, subject to re-election, whereas code provision A.4.2 states that all directors appointed to fill a casual vacancy shall be subject to election by Shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Each of the Directors (including the non-executive Directors) is appointed for a specific term of three years and is subject to retirement by rotation at least once every three years. The Articles of Association requires that at each annual general meeting one-third of the Directors for the time being (or, if the number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company, oversees the overall operational, management and strategic planning of the Group and provide guidance and formulate business strategies for the overall development of the Group and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. Directors of the Board take decisions objectively in the interests of the Company.

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

All Directors shall have full and timely access to all the information of the Company as well as the services and advice from the company secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company.

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

Continuous Professional Development of Directors

Directors shall keep abreast of responsibilities as a Director of the Company and of the conduct, business activities and development of the Company.

Every newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

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

The Directors confirmed that they have complied with code provision A.6.5 on directors' training. During the year, each of the Directors attended a training session on 9 September 2021 in relation to the relevant requirements of the Listing Rules and duties of directors of companies listed in Hong Kong and each of the Directors is fully aware of his/her duties and responsibilities as a director of a listed company in Hong Kong.

The record of continuous professional development relating to directors' duties and regulatory and business development that have been received by the Directors for the year ended 31 December 2021 are summarized as follows:

Director	Type of Training[1]
Executive Directors	
Mr. Zhu Hongge	A, B
Mr. Bao Guojun[2]	A, C
Mr. Pang Bo	A
Ms. Mu Liyuan[3]	A
Non-executive Director	
Mr. Huang Fuqing	A
Independent Non-executive Directors	
Ms. Liang Yunxu	A
Mr. Wang Huimin	A
Mr. Wong Kwok Yin	A

Notes:

(1) Types of Training:

A: Attending training relevant to the Company's business conducted by lawyers
B: Participating in seminars or discussion forums organised by government departments
C: Participating in training courses

(2) Mr. Bao Guojun has been appointed as an executive Director with effect from 9 August 2021.

(3) Ms. Mu Liyuan has been resigned as an executive Director with effect from 9 August 2021.

Board Meetings and Directors' Attendance Record

Notices of not less than fourteen days will be given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for regular Board meetings. For other Board meetings, reasonable notice will generally be given. All Board committee meetings require a notice of at least fourteen days to be given, unless such notification is waived by all members of the respective Board committees. The agenda and accompanying Board papers are dispatched to the Directors or Board committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and be adequately prepared for the meetings. When Directors or Board 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 the Board meetings and Board committee meetings are/will be recorded in sufficient detail to include 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/will be sent to the Directors for comments within a reasonable time after the date on which the meeting is held.

Code provision A.1.1 of the CG Code stipulates that the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. During the year ended 31 December 2021, five Board meetings were held on Monday, 29 March 2021, Tuesday, 9 August 2021, Wednesday, 25 August 2021, Thursday, 30 September 2021 and Wednesday, 22 December 2021. The Chairman of the Board also held a meeting with the independent non-executive Directors without the presence of other Directors during the year ended 31 December 2021.

The attendance record of each Director at the Board and Board Committee meetings and general meetings of the Company held during the year ended 31 December 2021 is set out in the table below:

Name of Director	Attendance/Number of Meetings				
	Board	Audit Committee	Remuneration Committee	Nomination Committee	General Meeting
Mr. Zhu Hongge(1)	5/5	N/A	N/A	2/2	1/1
Mr. Bao Guojun(2)	3/3	N/A	N/A	N/A	–
Mr. Pang Bo	5/5	N/A	2/2	N/A	1/1
Ms. Mu Liyuan(3)	2/2	N/A	N/A	N/A	1/1
Mr. Huang Fuqing	5/5	N/A	N/A	N/A	1/1
Ms. Liang Yunxu(4)	5/5	2/2	2/2	2/2	1/1
Mr. Wang Huimin	5/5	2/2	2/2	N/A	1/1
Mr. Wong Kwok Yin(5)	5/5	2/2	N/A	2/2	1/1

Notes:

(1) Chairperson of the Board and chairperson of Nomination Committee.

(2) Mr. Bao Guojun has been appointed as an executive Director with effect from 9 August 2021.

(3) Ms. Mu Liyuan has been resigned as an executive Director with effect from 9 August 2021.

(4) Chairperson of Remuneration Committee.

(5) Chairperson of Audit Committee.

None of the meetings set out above was attended by any alternate Director.

BOARD COMMITTEES

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

The majority of the members of each Board committee are independent non-executive Directors and the list of the chairman and members of each Board committee is set out under "Corporate Information" on page 2 of this annual report.

Audit Committee

During the year ended 31 December 2021, the Audit Committee consists of three members, namely, Mr. Wong Kwok Yin, Ms. Liang Yunxu and Mr. Wang Huimin, all of whom are the independent non-executive Directors. Mr. Wong Kwok Yin is the chairman of the Audit Committee and the independent non-executive Director with the appropriate professional qualifications.

The primary duties of the Audit Committee include, but not limited to (i) review and monitor the financial reporting process, risk management and internal control system, and internal audit functions of the Company; (ii) provide advice and comments to the Board; and (iii) perform other duties and responsibilities as may be assigned by the Board.

During the year ended 31 December 2021, two Audit Committee meetings were held to review the interim and annual financial results and report, major internal audit issues, re-appointment of external auditors, relevant scope of works and the effectiveness of the risk management and internal control systems of the Group.

The Audit Committee also met the external auditors twice without the presence of the executive Directors. There is no disagreement between the Board and the Audit Committee regarding the re-appointment of the external auditor.

Remuneration Committee

During the year ended 31 December 2021, the Remuneration Committee consists of three members, namely, Ms. Liang Yunxu and Mr. Wang Huimin, the independent non-executive Directors, and Mr. Pang Bo, the executive Director. Ms. Liang Yunxu is the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee include, but not limited to (i) establishing, reviewing and providing advices to the Board on the policy and structure concerning remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration; (ii) determining the terms of the specific remuneration package of each Director and senior management; and (iii) reviewing and approving the management's remuneration proposals by reference to corporate goals and objectives resolved by the Directors from time to time.

During the year ended 31 December 2021, two Remuneration Committee meetings were held to review the remuneration packages of Directors.

Nomination Committee

During the year ended 31 December 2021, the Nomination Committee consists of three members, namely Mr. Zhu Hongge, the executive Director, Mr. Wong Kwok Yin and Ms. Liang Yunxu, the independent non-executive Directors. Mr. Zhu Hongge is the chairman of the Nomination Committee.

The primary duties of the Nomination Committee include, but not limited to (i) review the structure, size and composition of the Board on a regular basis and make recommendations to the Board regarding any proposed changes to the composition of the Board; (ii) identify, select or make recommendations to the Board on the selection of individuals nominated for directorship, and ensure the diversity of the Board members; (iii) assess the independence of the independent non-executive directors; and (iv) make recommendations to the Board on relevant matters relating to the appointment, re-appointment and removal of the Directors and succession planning for the Directors.

During the year ended 31 December 2021, two Nomination Committee meetings were held to review structure, size and composition of the Board, identify and select suitable candidates for directorships, assess the independence of the independent non-executive Directors, and review the policy on Board diversity.

Board Diversity Policy

The Company recognises the benefits of having a diversified Board. The Company has adopted a board diversity policy with the aim of achieving an appropriate level of diversity among Board members according to the circumstances of the Group from time to time. In summary, the board diversity policy sets out that when considering the nomination and appointment of a Director, with the assistance of the Nomination Committee, the Board would consider a range of diversity of perspectives, including but not limited to the skills, knowledge, professional experience and qualifications, cultural and educational background, age, gender and the potential contributions that the candidate is expected to bring to the Board, in order to better serve the needs and development of the Company. All Board appointments will be based on merits and candidates will be considered against objective criteria, having due regard to the benefits of diversity to the Board.

The Nomination Committee is responsible for reviewing the board diversity policy from time to time to ensure its continued effectiveness. At present, the Nomination Committee considered that the Board is sufficiently diverse, and the Board has not set any measurable objectives.

REMUNERATION OF SENIOR MANAGEMENT

Pursuant to code provision B.1.5 of the CG Code, the remuneration of the members of the senior management by band for the year ended 31 December 2021 is set out below:

Remuneration Band (RMB)	Number of Person
300,000 – 650,000	4

CORPORATE GOVERNANCE FUNCTIONS

The Board, with the assistance from the Audit Committee, is responsible for performing the functions set out in the code provision D.3.1 of the CG Code, including:

– developing and reviewing the Company's corporate governance policies and practices;

– reviewing and monitoring training and continuous professional development of Directors and senior management;

– reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

– developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and directors; and

– reviewing the Company's compliance with the CG Code and the disclosure in this Corporate Governance Report.

For the year ended 31 December 2021, the Board has performed the above duties.

DIRECTOR NOMINATION CRITERIA AND PROCEDURES

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

In identifying and selecting suitable candidates for directorships, the Nomination Committee would assess the candidates on criteria such as qualifications, skills, knowledge, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity. The recommendations of the Nomination Committee will then be put to the Board for decision.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Company exposed to various risks during its operations. The Company has established risk management systems with relevant policies, procedures and programs to provide reasonable assurance for achieving objectives such as effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations.

The Company's risk assessment is mainly carried out through five basic procedures, including the establishment of risk management concepts and risk acceptance, target setting, risk identification, risk analysis and risk countermeasures. The Company will weigh risks and benefits based on the results of risk analysis, combined with the causes and tolerance of risks, and choose risk response plans: avoiding risks, accepting risks, reducing risks or sharing risks. The Company will prepare risk management plans targeting various risks or each category of material risks, according to the risk response strategies. The plan generally includes the specific objectives of risk resolution, the required organisational leadership, the management and business processes involved, the required conditions and means and other resources, the specific response measures to be taken before, during and after the risk event, and risk management tools.

The Company's branches are the first line of defense for risk management, which are the executive agencies of risk management operations, responsible for the construction, implementation and maintenance of the risk management system, and strictly carry out corresponding work in accordance with the requirements of the Company. The Company's functional management departments and the legal department (risk control function) are the second line of defense for risk management. The internal audit department (risk control function), as the central management department for risk management and internal control, is responsible for formulating risk management strategies and plans, compiling risk management and internal control work plans, organising and promoting the development of risk management and internal control work, preparation of annual risk management report, inspection and evaluation of the development of risk management and internal control of subsidiaries, follow-up of the Company's risk management measures for high-risk businesses and important risks, and timely report to the Company's risk management committee. The Company's internal audit department (internal audit function) is the third line of defense for risk management, which independently supervises, evaluates and audits the Company's operation and management.

The Company has formulated reasonable and effective internal control measures, including:

(1) Establish an authorisation system for internal control positions. For each position involved in internal control, clearly stipulate the authorised objects, conditions, scope and amount of authorisation, and no organisation or individual shall make risky decisions beyond authorisation;

(2) Establish an internal control reporting system. Clearly stipulate the reporter and the receiver, the time, content, frequency, transmission route of the report, the department and personnel responsible for processing the report;

(3) Establish an internal control permitted system. For important matters involved in internal control, clearly stipulate the permitted procedures, conditions, scope and quota, necessary documents, and the departments and personnel authorised to approve and their corresponding responsibilities;

(4) Establish an internal control responsibility system. In accordance with the principle of unification of rights, obligations and responsibilities, clearly stipulate the responsibilities and rewards and punishment systems of relevant departments and business units, positions and personnel;

(5) Establish an internal control audit and inspection system. Combined with the relevant requirements, methods, standards and procedures of internal control, clearly stipulate the object, content, method of audit and inspection, and the department responsible for audit and inspection.

The risk management system and internal control measures are designed to manage rather than eliminate the risk of failing to achieve business objectives, and can only provide reasonable but not absolute protection against material misstatements or losses.

The Board is responsible for overseeing and managing the risks associated with the business, maintaining adequate and effective risk management and internal control systems of the Company on an ongoing basis and reviewing their effectiveness at least annually. The Board, through the Audit Committee, has conducted a review of, and is satisfied with the effectiveness of the risk management and internal control systems of the Company, including the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function. The Board considers that such systems are effective and adequate as a whole.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2021. The senior management of the Company has provided such explanation and information to the Board as necessary to enable the Board to carry out an informed assessment of the financial information and position of the Company in order to put forward such information to the Board for approval.

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

The statement of the independent auditor of the Company about its reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 49 to 54 of this annual report.

AUDITOR'S REMUNERATION

The remuneration paid or payable to PricewaterhouseCoopers, the external auditor of the Company, for its audit services and non-audit services provided for the year ended 31 December 2021 is summarised as follows:

Service Category	Fees Paid/Payable *RMB' 000*
Audit services	2,480
Non-audit services	514
Total	2,994

The above non-audit services include agreed-upon procedure work performed on results announcement, continuing connected transactions and environmental, social and corporate governance reporting services.

COMPANY SECRETARY

Mr. Chan Yu Hin has resigned as a company secretary and Mr. Pang Bo, an executive Director of the Company and Ms. Leung Kwan Wai of Tricor Services Limited, an external service provider, were appointed as the joint company secretaries of the Company on 8 October 2021. Mr. Pang is the primary contact person of Ms. Leung.

Each of the joint company secretaries has undertaken no less than 15 hours of relevant professional training during the year ended 31 December 2021 pursuant to Rule 3.29 of the Listing Rules.

SHAREHOLDER'S RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward 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 of the Stock Exchange after each general meeting.

Convening an Extraordinary General Meeting ("EGM") and Putting Forward Proposals

Pursuant to Article 58 of the Articles of Association, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the joint company secretaries of the Company, to require an EGM to be called by the Board for the transaction of any business specified in such requisition, and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Enquiries to the Board

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

Contact Details

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

Address:	Room 1403, 9 Queen's Road Central, Hong Kong (For the attention of the Board of Directors)
Email:	jyfw@jy-fw.cn

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

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

Policies Relating to Shareholders

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

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

CONSTITUTIONAL DOCUMENTS

Pursuant to a special resolution of the sole shareholder of the Company passed on 21 October 2020, the amended and restated Memorandum and Articles of Association were adopted on 21 October 2020 with effect from the Listing Date.

The amended and restated Memorandum and Articles of Association are available on the Company's website and the Stock Exchange's website.

No change has been made to the Company's Memorandum and Articles of Association during the year ended 31 December 2021.

羅兵咸永道

To the Shareholders of Jiayuan Services Holdings Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Jiayuan Services Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 55 to 135, comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

KEY AUDIT MATTERS

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

Key audit matters identified in our audit are summarised as follows:

- Assessment of expected credit losses on trade receivables
- Assessment of goodwill impairment

Key audit matter	How our audit addressed the key audit matter
Assessment of expected credit losses on trade receivables	
Refer to Note 3.1.2, Note 4(a) and Note 21(a) to the consolidated financial statements. As at 31 December 2021, the gross carrying amount of trade receivables was RMB389,945,000, which represented approximately 32% of the total assets of the Group. Management has estimated the expected credit losses ("ECL") on trade receivables and a loss allowance of RMB61,154,000 was made against the trade receivables balance. Management estimated the ECL on trade receivables based on estimation about risk of default and expected credit loss rates. Management applied judgments in making the estimation and selecting the inputs used in the ECL calculation, based on the customers' settlement history, financial position of major customers as well as forward looking information. We considered this area a key audit matter due to the magnitude of the trade receivables balance as well as the significant judgments and estimates involved in the estimation of the ECL.	We obtained an understanding of the Group's internal control and process over the estimation of the ECL on trade receivables and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty, complexity and subjectivity. We evaluated and tested management's key controls in relation to the estimation of the ECL. We assessed the appropriateness of the ECL provisioning methodology adopted by management based on our understanding of the credit risk characteristics of the trade receivables. We tested, on a sample basis, the accuracy of ageing analysis of trade receivables by tracing to sales invoices and receipts. We assessed the reasonableness of the estimated risk of default and expected credit loss rates by considering past collection information and historical default rates of customers. We evaluated the financial position of major customers by checking to relevant information. We evaluated the appropriateness of management's assessment of forward looking information with reference to the Group's business plan as well as industry and external macroeconomic data. We checked the mathematical accuracy of the calculation of ECL. Based on the above, we considered that the judgments and estimates made by management in relation to the assessment of the ECL on trade receivables were supportable by available evidence.

Key audit matter	How our audit addressed the key audit matter
Assessment of goodwill impairment	
Refer to Note 4(b) and Note 18 to the consolidated financial statements. As at 31 December 2021, the Group had total goodwill of RMB106,762,000 resulted from acquisitions of property management companies. For the purposes of assessment of goodwill impairment, goodwill was allocated to cash-generating units ("CGUs"). Management assessed the impairment of goodwill, with the assistance of an external valuer, by determining the recoverable amounts of the CGUs based on the value-in-use ("VIU") calculation. The key assumptions adopted by management in determining VIU included the revenue growth rates, gross profit margins, terminal growth rates and discount rates. Based on the assessment, management considered no impairment is necessary in respect of the goodwill as at 31 December 2021. We focused on this area because the amount of goodwill was material and significant judgments and estimates were required by management in the VIU calculation.	We obtained an understanding of the Group's internal control and process over the assessment of goodwill impairment and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty, complexity and subjectivity. We evaluated and tested management's key controls in relation to the estimation of the goodwill impairment. We assessed the appropriateness of the Group's identification of CGUs and allocation of goodwill based on our understanding of the Group's business model. We evaluated the competence, capabilities, objectivity and independence of the external valuer engaged by the Group. We, with the assistance of our internal valuation expert, assessed the appropriateness of the methodology adopted by management and the reasonableness of the key assumptions used in the VIU calculation. We compared the revenue growth rates and gross profit margins with the relevant historical data of the Group. We assessed the terminal growth rates with reference to the long-term expected inflation rate based on our independent research. We assessed the reasonableness of the discount rates by performing research and analysis on the basis used to select comparable companies. We evaluated the reasonableness of the sensitivity analysis performed by management on the key assumptions. We checked the mathematical accuracy of the VIU calculation. Based on the above, we considered that the significant judgments and estimates made by management in relation to the goodwill impairment assessment were supportable by the evidence we obtained.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of 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 DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment 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 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 Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with 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 Cheung Siu Cheong.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 29 March 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2021 RMB'000	2020 RMB'000
Revenue	6	**820,542**	615,096
Cost of services and sales	10	**(562,397)**	(427,970)
Gross profit		**258,145**	187,126
Other income and expenses, net	8	**18,320**	4,746
Other gains and loss, net	9	**(5,367)**	434
Impairment losses on financial assets	3.1	**(31,480)**	(9,615)
Selling and marketing expenses	10	**(12,532)**	(10,041)
Administrative expenses	10	**(86,779)**	(71,042)
Finance costs	13	**(1,546)**	(119)
Share of results of investments accounted for using the equity method	19	**(117)**	1,318
Profit before taxation		**138,644**	102,807
Income tax expense	14	**(34,464)**	(32,839)
Profit and total comprehensive income for the year		**104,180**	69,968
Profit and total comprehensive income attributable to:			
– Owners of the Company		**100,478**	65,426
– Non-controlling interests		**3,702**	4,542
		104,180	69,968
Earnings per share attributable to owners of the Company (expressed in RMB per share)			
– Basic	15	**0.16**	0.14
– Diluted	15	**0.16**	0.14

The notes on pages 60 to 135 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2021 RMB'000	2020 RMB'000
ASSETS			
Non-current assets			
Property and equipment	17	28,784	18,847
Right-of-use assets		1,579	2,323
Intangible assets	18	154,485	34,186
Investments accounted for using the equity method	19	5,472	1,838
Deferred income tax assets	27	27,607	17,815
		217,927	75,009
Current assets			
Inventories		532	501
Trade and other receivables	21	375,609	246,483
Restricted bank deposits	22	1,276	1,219
Short-term bank deposits	22	280,000	–
Cash and cash equivalents	22	351,785	617,771
		1,009,202	865,974
Total assets		1,227,129	940,983
EQUITY			
Equity attributable to owners of the Company			
Share capital	23	5,225	5,128
Reserves	24	601,353	496,055
		606,578	501,183
Non-controlling interests		20,798	17,056
Total equity		627,376	518,239

The notes on pages 60 to 135 are an integral part of these consolidated financial statements.

	Note	2021 RMB'000	2020 RMB'000
		As at 31 December	
LIABILITIES			
Non-current liabilities			
Lease liabilities		189	384
Deferred income tax liabilities	27	11,613	4,445
Bank borrowings	26	41,162	–
		52,964	4,829
Current liabilities			
Contract liabilities	7	129,848	88,232
Trade and other payables	25	389,742	305,472
Lease liabilities		1,668	1,707
Current income tax liabilities		14,153	22,504
Bank borrowings	26	11,378	–
		546,789	417,915
Total liabilities		599,753	422,744
Total equity and liabilities		1,227,129	940,983

The notes on pages 60 to 135 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 55 to 135 were approved by the Board of Directors on 29 March 2022 and were signed on its behalf.

Zhu Hong Ge
Director

Pang Bo
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital *RMB'000*	Reserves *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
		Attributable to owners of the Company				
Balance at 1 January 2021		**5,128**	**496,055**	**501,183**	**17,056**	**518,239**
Comprehensive income						
Profit for the year		**–**	**100,478**	**100,478**	**3,702**	**104,180**
Transactions with owners in their capacity as owners:						
Dividends paid	16	**–**	**(32,596)**	**(32,596)**	**(2,800)**	**(35,396)**
Issuance of shares	23	**97**	**37,416**	**37,513**	**–**	**37,513**
Capital injection from non-controlling interests		**–**	**–**	**–**	**735**	**735**
Acquisition of subsidiaries	30	**–**	**–**	**–**	**2,105**	**2,105**
Total transactions with owners		**97**	**4,820**	**4,917**	**40**	**4,957**
Balance at 31 December 2021		**5,225**	**601,353**	**606,578**	**20,798**	**627,376**
Balance at 1 January 2020		–	151,148	151,148	10,157	161,305
Comprehensive income						
Profit for the year		–	65,426	65,426	4,542	69,968
Transactions with owners in their capacity as owners:						
Dividends paid		–	(170,000)	(170,000)	(3,500)	(173,500)
Capitalisation issuance		3,866	(3,866)	–	–	–
Issuance of shares		1,262	485,702	486,964	–	486,964
Share issuance costs		–	(32,355)	(32,355)	–	(32,355)
Acquisition of a subsidiary		–	–	–	5,857	5,857
Total transactions with owners		5,128	279,481	284,609	2,357	286,966
Balance at 31 December 2020		5,128	496,055	501,183	17,056	518,239

The notes on pages 60 to 135 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2021 RMB'000	2020 RMB'000
Cash flows from operating activities			
Cash generated from operations	28	**161,371**	93,476
Income tax paid		**(58,370)**	(44,466)
Net cash generated from operating activities		**103,001**	49,010
Cash flows from investing activities			
Purchases of property and equipment	17	**(12,440)**	(9,267)
Purchases of intangible assets	18	**–**	(1,856)
Addition to investments accounted for using the equity method	19	**(4,000)**	–
Acquisition of subsidiaries, net of cash paid	28(d)	**(112,764)**	(24,665)
Disposals of property and equipment	28(b)	**192**	488
Repayments from related parties		**–**	516,782
Advances to related parties		**–**	(277,097)
Placement of short-term bank deposits		**(345,000)**	–
Withdrawal of short-term bank deposits		**65,000**	–
Repayments from a third party		**–**	38,542
Interest received		**1,452**	241
Net cash (used in)/generated from investing activities		**(407,560)**	243,168
Cash flows from financing activities			
Payments on leases		**(1,937)**	(2,700)
Contribution from the then shareholder		**–**	300,000
Repayments to related parties		**–**	(300,000)
Interests paid on bank borrowings		**(1,370)**	–
Proceeds from bank borrowings		**58,115**	–
Repayment of bank borrowings		**(5,651)**	–
Capital injection from non-controlling interests		**735**	–
Dividends paid to the then shareholder		**–**	(170,000)
Dividends paid to shareholders	16	**(32,596)**	–
Dividends paid to non-controlling interests		**(2,800)**	(3,500)
Issuance of new shares	23	**37,513**	486,964
Shares issuance costs		**(10,508)**	(21,847)
Net cash generated from financing activities		**41,501**	288,917
Net (decrease)/increase in cash and cash equivalents		**(263,058)**	581,095
Cash and cash equivalents at beginning of the year		**617,771**	37,644
Exchange losses on cash and cash equivalents		**(2,928)**	(968)
Cash and cash equivalents at end of the year		**351,785**	617,771

The notes on pages 60 to 135 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND REORGANISATION

1.1 General Information

Jiayuan Services Holdings Limited (the "Company") was incorporated in the Cayman Islands on 5 March 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 address of the Company's registered office is at the office of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. On 9 December 2020, the Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") by way of initial public offering (the "Listing").

The Company is an investment holding company. The Company and its subsidiaries (the "Group") are principally engaged in the provision of property management services, value-added services to property developers and community value-added services in the People's Republic of China (the "PRC") (the "Listing Business").

The intermediate holding company of the Company is Jiayuan International Group Limited ("Jiayuan International"), an exempted company incorporated in the Cayman Islands with limited liability and its shares are listed on the Stock Exchange.

The ultimate parent undertaking of the Company is Galaxy Emperor Limited ("Galaxy Emperor"), a company incorporated in the British Virgin Islands ("BVI") with limited liability. Galaxy Emperor is ultimately controlled by Mr. Shum Tin Ching ("Mr. Shum").

These consolidated financial statements for the year ended 31 December 2021 are presented in Renminbi ("RMB"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 29 March 2022.

For the year ended 31 December 2021, the Group was relatively less affected by the spread of the COVID-19 in the areas under management. Combined with the effective prevention and control and subsidy policies of the local governments, the impact of COVID-19 epidemic on the Group's operations and financial results was not material.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of the consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

The principal accounting policies applied in the preparation of the consolidated financial statements are in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as set out below. The consolidated financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance (Cap.622). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgments in the process of applying the Group's accounting policies. The areas involving a higher degree of judgments or complexity, or areas where estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.1.1 New and revised standards

(a) New and amended standards adopted by the Group

The Group has applied the new and amended standards effective for the financial period beginning on 1 January 2021. The adoption of these new and revised standards does not have any significant impact on the consolidated financial statements of the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.1 New and revised standards (Continued)

(b) New and amended standards and interpretations not yet adopted

The below new or revised accounting standards, amendments and interpretations to existing standards have been published but are not yet effective in current year and have not been early adopted by the Group.

		Effective for the financial year beginning on or after
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 2021	1 April 2021
Accounting Guideline 5 (Revised)	Merger accounting for common control combinations	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
Amendments to HKAS 37	Cost of Fulfilling a Contract	1 January 2022
Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41	Annual Improvements 2018-2020 Cycle	1 January 2022
HKFRS 17	Insurance Contract	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current	1 January 2023
HK Interpretation 5 (2020)	Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards, amendments and interpretations, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the directors of the Company, no significant impact on the financial performance and position of the Group is expected when they become effective.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Principles of consolidation and equity accounting

2.2.1 Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, 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. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 2.3).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

2.2.2 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

2.2.3 Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method of accounting after initially being recognised at cost.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Principles of consolidation and equity accounting *(Continued)*

2.2.4 Equity method

Under the equity method of accounting, interests in joint ventures and associates are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of joint ventures and associate in profit or loss, and the Group's share of movements in other comprehensive income of joint ventures and associate in other comprehensive income. When the Group's share of losses in a joint venture and associates equals or exceeds its interests in the joint ventures and associates (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures and associates), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures and associates. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture and associates is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and associates and its carrying value and recognises the amount adjacent to 'share of results of investments accounted for the equity method' in consolidated statement of comprehensive income.

Unrealised gains on transactions between the Group and its joint ventures and associates are eliminated to the extent of the Group's interests in the joint ventures and associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures and associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Principles of consolidation and equity accounting *(Continued)*

2.2.5 Changes in ownership interests in subsidiaries, joint ventures and associates

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a reserve within equity attributable to owners of the Company.

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

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.3 Business combinations

2.3.1 Non-common control business combinations

Acquisitions of businesses, other than business combination under common control, are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in consolidated statement of comprehensive income as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred income tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in the consolidated statement of comprehensive income as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.3 Business combinations *(Continued)*

2.3.2 Merger accounting for business combination involving businesses under common control

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

The net assets of the combining businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination.

The combined statement of comprehensive income includes the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where this is a shorter period.

The comparative amounts in the consolidated financial statements are presented as if the businesses had been combined at the beginning of the previous reporting period or when they first came under common control, whichever is shorter. The consolidated financial statements include the entities that were managed by management of the Listing Business during the years presented. These activities were combined with all intra-group balances and transactions eliminated within the Group.

2.4 Separate financial statements

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker ("CODM"), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that make strategic decisions. The Group's customers include property owners, property developers, residents and tenants (collectively "Customers") and they are all located in the PRC. No geographical segment of Customers is disclosed.

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional and presentation currency.

(b) Transactions and balances

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

Foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'other gains and loss'.

(c) Group companies

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

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

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

- all resulting exchange differences are recognised in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Leases

The Group as a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Payments associated with short-term leases of equipment and vehicles and leases of low value assets are recognised on a straight-line basis as an expense in the consolidated statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group's right-of-use assets consist of various leases for properties. Right-of-use assets resulted from lease payments are stated at cost less accumulated depreciation and accumulated impairment losses. Cost represents consideration paid for the rights to use the properties and other direct related costs from the date when the respective rights were granted. Depreciation of lease payments is calculated on a straight-line basis over the lease terms and is charged to the consolidated statement of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Property and equipment

Property and equipment are stated at historical cost less depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation on property and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20 years
Office equipment	3-5 years
Motor vehicles	3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and loss on disposal are determined by comparing the proceeds with the carrying amount and are recognised within "Other gains and loss" in the consolidated statement of comprehensive income.

2.9 Intangible assets

(a) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating unit ("CGU") for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.9 Intangible assets *(Continued)*

(b) Property management contracts

Property management contracts acquired in business combinations are recognised at fair value at the acquisition date. The property management contracts have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected useful lives of the contracts. The Group determined the property management contracts to have useful lives of 3-6 years based on the historical renewal pattern.

(c) Software

Acquired software are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 10 years.

2.10 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and loss will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial assets *(Continued)*

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated statement of comprehensive income.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the consolidated statement of comprehensive income when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.

- Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income ("OCI"). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the consolidated statement of comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the consolidated statement of comprehensive income and recognised in 'Other gains and loss'. Interest income from these financial assets is included in other income using the effective interest rate method.

- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or financial assets at fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in consolidated statement of comprehensive income and presented net in 'Other gains and loss' in the period in which it arises.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial assets *(Continued)*

(iv) Impairment

The Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost and fair value through OCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. See Note 3.1.2 for further details.

2.12 Offsetting financial instruments

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

2.13 Inventories

Inventories comprise goods and consumables which are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.14 Trade and other receivables

Trade receivables are amounts due from Customers for services provided in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 2.11 for further information about the Group's accounting for trade receivables and other receivables and Note 3.1.2 for a description of the Group's impairment policies.

2.15 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

2.16 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.18 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses. Current and deferred income tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the end of the reporting period in the jurisdictions where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred income tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the companies are able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities and when the deferred income tax balances relate to the same taxation authority. Current income tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.19 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) Pension obligations

The Group only operate defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the governments.

There was no forfeited contribution utilised to offset employers' contributions for the year ended 31 December 2021, and there was no forfeited contribution available to reduce the contribution payable in the future years as at 31 December 2021.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

(c) Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurances. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.20 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provisions due to passage of time is recognised as interest expense.

2.21 Revenue recognition

The Group provides property management services, value-added services to property developers and community value-added services. Revenue is recognised in the accounting period in which the services are rendered or goods are delivered, and the collectability of related consideration is probable.

When either party to a contract has performed, the Group presents the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the Group's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for services that the Group has transferred to a customer. Incremental costs incurred to obtain a contact, if recoverable, are capitalised and presented as assets under "contract assets" and subsequently amortised when the related revenue is recognised.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the services are provided to the customer, the Group presents the amount as a contract liability when the payment is received or a receivable is recorded (whichever is earlier).

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.21 Revenue recognition *(Continued)*

(a) Property management services

The Group bills a fixed amount for services provided on a regular basis and recognises as revenue the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

For property management services income from properties managed under lump sum basis, where the Group acts as principal and is primary responsible for providing the property management services to Customers, the Group recognises the fee received or receivable from Customers as its revenue. For property management services income from properties managed under commission basis, the Group recognises the commission, which is calculated by pre-determined percentage of the total property management fee or amounts received or receivable from Customers, as its revenue as an agent for arranging and monitoring the services.

(b) Value-added services to property developers

Value-added services to property developers mainly include consultancy services to property developers and cleaning, greening, repair and maintenance services to property developers at the property pre-delivery stage. The Group agrees the price for each service with the Customers upfront and issue the monthly bill to the Customers which varies based on the actual level of service completed in that month.

(c) Community value-added services

These include home living services, community area services such as catering services and sales of goods (mainly groceries and home appliances) to Customers. For provision of home living services, revenue is recognised when the related services are rendered. Payment of the transaction is due immediately when the community value-added services are rendered. For provision of community area services such as sales of goods and catering, revenue is recognised when the Group has delivered the goods and catering to the Customers.

2.22 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.23 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

2.24 Dividend distribution

Dividend distribution to the shareholders is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the shareholders or directors, where appropriate.

2.25 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.26 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.1 Market risk

(a) Foreign exchange risk

The Group collects all of its revenue in RMB and most of the expenditures are also denominated in RMB.

The Group has foreign currency deposits, hence exposure to exchange rate fluctuations arises. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

As at 31 December 2021, the Group has cash and cash equivalent denominated in foreign currencies, which expose the Group to foreign currency risk which mainly concentrated on the exposure to Hong Kong dollars ("HKD").

The carrying amounts of the Group's foreign currency denominated monetary assets at the end of the reporting period are as follows:

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Cash and cash equivalents denominated in HKD	147,258	465,040

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes the Group's cash and cash equivalent in the foreign currency at the end of the reporting period.

	Increase/(decrease) in profit before taxation for the year	
	2021	2020
	RMB'000	*RMB'000*
– 5% increase in RMB against HKD	(7,363)	(23,252)
– 5% decrease in RMB against HKD	7,363	23,252

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.1 Market risk (Continued)

(b) Interest rate risk

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances and bank borrowings which carry interest at prevailing market interest rates. Management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises.

The sensitivity analysis below has been determined based on the exposure to interest rates for floating-rate bank borrowings at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the respective reporting period. A 100 basis points (2020: Nil) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rate.

For the year ended 31 December 2021, if the floating interest rate of bank borrowings had been higher/lower by 100 basis points with all other variables held constant, the profit before taxation would have changed as follows:

	Increase/(decrease) in profit before taxation for the year	
	2021	2020
	RMB'000	*RMB'000*
– 100 basis point higher	(304)	N/A
– 100 basis point lower	304	N/A

3.1.2 Credit risk

Credit risks refer to the risk of losses incurred by the inabilities of debtors or counterparties to fulfil their contractual obligations or by the adverse changes in their credit conditions. The Group is exposed to credit risk in relation to its restricted bank deposits, cash and cash equivalents, short-term bank deposits, and trade and other receivables.

The carrying amounts of trade and other receivables, restricted bank deposits, cash and cash equivalents, and short-term bank deposits represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group expects that there is no significant credit risk associated with restricted bank deposits, cash and cash equivalents, and short-term bank deposits since they are substantially deposited at state-owned banks and other medium or large-sized listed banks with acceptable credit rating. Management does not expect that there will be any significant losses from non-performance by these counterparties.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.2 Credit risk (Continued)

The credit risk of trade and other receivables is managed through an internal process. The Group has policies in place to ensure that services are provided to customers with an appropriate credit history. For trade and other receivables, the Group has large number of Customers and there was no concentration of credit risk. The Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The Group reviews regularly the recoverable amount of each individual receivable to ensure that the adequate impairment losses are made for irrecoverable amounts.

(a) Impairment assessments

The Group formulates the credit losses of restricted bank deposits, cash and cash equivalents, short-term bank deposits and trade and other receivables using expected credit losses ("ECL") models according to HKFRS 9 requirements.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the Customers' ability to meet its obligations
- actual or expected significant changes in the operating results of individual property developers
- significant changes in the expected performance and behavior of Customers

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.2 Credit risk (Continued)

(a) Impairment assessments (Continued)

A summary of the assumptions underpinning the Group's ECL model is as follows:

Category	Group definition of category	Basis for recognition of ECL provision
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Underperforming	Receivables for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are past due	Lifetime expected losses
Non-performing	Interest and/or principal repayments are past due or it becomes probable a customer will enter bankruptcy	Lifetime expected losses
Write-off	Interest and/or principal repayments are past due and there is no reasonable expectation of recovery	Asset is written off

The Group applies the HKFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for trade receivables. The tables below detail the credit risk exposures of the Group's other financial assets at amortised cost, which are subject to ECL assessments.

	Internal credit rating category	12-month or lifetime ECL	Gross carrying amount As at 31 December 2021 *RMB'000*	2020 *RMB'000*
Restricted bank deposits	Performing	12-month ECL	**1,276**	1,219
Short-term bank deposits	Performing	12-month ECL	**280,000**	–
Cash and cash equivalents	Performing	12-month ECL	**351,785**	617,771
Other receivables	Performing	12-month ECL	**42,180**	28,374

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.2 Credit risk (Continued)

(a) Impairment assessments (Continued)

(i) Restricted bank deposits, short-term bank deposits and cash and cash equivalents

For restricted bank deposits, short-term bank deposits and cash and cash equivalent, the Group determines the ECL by referring to external credit rating of the related banks. The identified impairment loss was immaterial.

(ii) Trade receivables

For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a provision matrix.

Trade receivables are categorised below:

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Due from independent third parties	**268,521**	167,896
Due from related parties	**106,301**	75,317
Due from certain customers of Shanghai Baoji	**15,123**	–
	389,945	243,213

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.2 Credit risk (Continued)

(a) Impairment assessments (Continued)

(ii) Trade receivables *(Continued)*

Trade receivables due from independent third parties:

To measure the expected credit losses, trade receivables due from independent third parties have been grouped based on shared credit risk characteristics and days past due.

The expected loss rates based on the payment profiles of services over a period of 60 months before the year end date. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of customers to settle the receivables.

The loss allowance provision for the trade receivables due from independent third parties was determined as follows:

	As at 31 December 2021								
The ageing based on invoice date	0-60 days	61-180 days	181-365 days	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Expected loss rate	6.7%	6.7%	6.7%	34.6%	91.1%	98.6%	99.5%	100.0%	
Gross carrying amount *(RMB'000)*	54,221	57,118	70,307	58,533	16,358	4,132	4,248	3,604	268,521
Loss allowance provision *(RMB'000)*	3,648	3,843	4,731	20,261	14,903	4,074	4,228	3,604	59,292

	As at 31 December 2020								
The ageing based on invoice date	0-60 days	61-180 days	181-365 days	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Expected loss rate	6.6%	6.6%	6.6%	33.8%	90.2%	98.7%	99.7%	100.0%	
Gross carrying amount *(RMB'000)*	48,092	40,668	40,215	25,714	4,607	4,251	2,066	2,283	167,896
Loss allowance provision *(RMB'000)*	3,152	2,665	2,636	8,696	4,155	4,196	2,059	2,283	29,842

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.2 Credit risk (Continued)

(a) Impairment assessments (Continued)

(ii) Trade receivables *(Continued)*

Trade receivables due from related parties:

To measure the ECL, trade receivables due from related parties have been grouped based on shared credit risk characteristics. The Group determines the ECL by referring to external credit rating and adjusts the rating to reflect current and forward-looking information on macroeconomic factors affecting the ability of the related parties to settle the receivables. The ECL on trade receivables due from related parties recognised during the year ended 31 December 2021 were RMB1,829,000 (2020: RMB33,000).

Trade receivables due from certain customers of Shanghai Baoji:

According to the acquisition agreement of Shanghai Baoji Property Management Company Limited ("Shanghai Baoji"), the acquired trade receivables of RMB15,123,000 can be deducted from the acquisition consideration payable to the vendor if the trade receivables are not received within 18 months since the acquisition date (Note 30). Thus the directors of the Company considered that the effect of any ECL on these trade receivables on the financial results is minimal.

The movements of impairment loss allowances for trade receivables are as follows:

	Due from independent third parties		Due from related parties		Total	
	2021	2020	2021	2020	2021	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year	29,842	20,648	33	–	29,875	20,648
Loss allowance recognised	29,450	9,194	1,829	33	31,279	9,227
At the end of the year	59,292	29,842	1,862	33	61,154	29,875

As at 31 December 2021, the gross carrying amounts of trade receivables were RMB389,945,000 (2020: RMB243,213,000) and thus the maximum exposure losses were RMB328,791,000 (2020: RMB213,338,000).

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.2 Credit risk (Continued)

(a) Impairment assessments (Continued)

(iii) Other receivables

For other receivables, for the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

The Group applies the HKFRS 9 three-stage approach to measuring ECL of other receivable. Since all other receivables are performing, impairment on other receivables is measured as 12-month ECL, depending on whether there has been a significant increase in credit risk of receivable has occurred since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit loss.

The movements of impairment loss allowances for other receivables are as follows:

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
At the beginning of the year	**388**	–
Loss allowance recognised	**201**	388
At the end of the year	**589**	388

As at 31 December 2021, the gross carrying amounts of other receivables were RMB42,180,000 (2020: RMB28,374,000) and thus the maximum exposure losses were RMB41,591,000 (2020：RMB27,986,000).

Total impairment losses recognised for the Group comprise:

	2021	2020
	RMB'000	*RMB'000*
For trade receivables due from independent third parties	**29,450**	9,194
For trade receivables due from related parties	**1,829**	33
For other receivables	**201**	388
	31,480	9,615

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.3 Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The table below analyses the Group's financial liabilities into relevant maturity grouping based on the remaining period to the contractual maturity date.

	On demand or less than 1 year *RMB'000*	Between 1 and 2 years *RMB'000*	Between 2 and 5 years *RMB'000*	Total undiscounted cash flows *RMB'000*	Carrying amount *RMB'000*
As at 31 December 2021					
Trade and other payables (excluding payroll and taxes payable)	291,700	–	–	291,700	291,700
Lease liabilities	1,703	200	–	1,903	1,857
Bank borrowings	13,605	13,068	31,899	58,572	52,540
	307,008	13,268	31,899	352,175	346,097

	On demand or less than 1 year *RMB'000*	Between 1 and 2 years *RMB'000*	Between 2 and 5 years *RMB'000*	Total undiscounted cash flows *RMB'000*	Carrying amount *RMB'000*
As at 31 December 2020					
Trade and other payables (excluding payroll and taxes payable)	205,155	–	–	205,155	205,155
Lease liabilities	1,707	380	94	2,181	2,091
	206,862	380	94	207,336	207,246

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Fair value estimation

The Group has no financial assets and liabilities measured at fair value.

The carrying amounts of the current financial assets and current financial liabilities approximate their fair values due to the short-term maturities of these financial assets and liabilities. The fair value of non-current bank borrowings approximate their carrying amounts, as the impact of discounting is not significant.

3.3 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholder, issue new shares, or request contributions from owners.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings less cash and cash equivalents and restricted bank deposits. Total capital is calculated as 'Total equity' shown in the consolidated statement of financial position. As at 31 December 2021 and 2020, the Group has a net cash position.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Group makes estimates concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

(a) ECL on trade receivables

The Group makes allowances on trade receivables based on estimation about risk of default and expected credit loss rates. The Group applied judgments in making the estimation and selecting the assumptions and inputs used in the ECL calculation, based on the Group's customers' settlement history and financial position as well as forward looking information including industry and external macroeconomic data.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade receivables and the related impairment loss allowances in the period in which such estimate is changed. For details of the key assumptions and inputs used, see Note 3.1.2.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

(b) Assessment of goodwill impairment

The Group's management assessed the impairment of goodwill by determining the recoverable amounts of the CGU to which goodwill was allocated. Significant judgments and estimates involved in the assessment of goodwill impairment include the adoption of valuation method and the use of key assumptions in the valuation. The recoverable amount of goodwill is estimated annually to evaluate whether or not there is any impairment. An impairment loss is recognised when the recoverable amount has declined below its carrying amount. The details of the key assumptions used are set out in Note 18.

(c) Current and deferred income tax

The Group is subject to corporate income tax in the PRC. Judgment is required in determining the amount of the provision for taxation and the timing of payment of the related taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax expense in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

(d) Useful lives of property management contracts

The Group's management determines the estimated useful lives and related amortisation charges for the Group's property management contracts with reference to the estimated periods that the Group intends to derive future economic benefits from the use of these assets. Management will revise the amortisation charges where useful lives are different to that of previously estimated. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in useful lives and therefore amortisation expense in future periods.

The current estimated useful lives are stated in Note 2.9. If the estimated useful lives of property management contracts had been increased/decreased by 10%, the amortisation expenses of property management contracts would have been decreased/increased by approximately RMB620,000 and RMB758,000 for the year ended 31 December 2021 (2020: decreased/increased by approximately RMB320,000 and RMB391,000).

5 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company.

The Group is principally engaged in the provision of property management services, value-added services to property developers and community value-added services in the PRC. The CODM reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the CODM regards that there is only one segment which is used to make strategic decisions.

The major operating entities of the Group are domiciled in the PRC and all of the Group's revenue were derived in the PRC during the years ended 31 December 2021 and 2020.

As at 31 December 2021 and 2020, all of the non-current assets were located in the PRC.

6 REVENUE

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Types of services		
Property management services	**649,013**	507,595
Value-added services to property developers	**110,507**	72,783
Community value-added services	**61,022**	34,718
	820,542	615,096
Revenue from contracts with customers is recognised:		
– Over time	**804,093**	606,104
– At a point in time	**16,449**	8,992
	820,542	615,096

For the year ended 31 December 2021, revenue from the companies controlled and jointly controlled by Mr. Shum contributed 12% (2020: 13%) of the Group's revenue. Other than these companies, none of the Group's Customers contributed 10% or more of the Group's revenue during the year.

7 CONTRACTS WITH CUSTOMERS

(a) Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Property management services	**129,848**	88,232

Contract liabilities of the Group mainly arise from the advance payments made by Customers while the underlying services are yet to be provided. Such liabilities increased as a result of the growth of the Group's business.

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Property management services	**82,718**	77,326

(b) Unsatisfied performance obligations

For property management services, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the Customer of the Group's performance to date, on a regular basis. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these type of contracts. The majority of the property management service contracts do not have a fixed term. The term of the contracts for value-added services to property developers is generally set to expire when the counterparties notify the Group that the services are no long required. For other value-added services, they are rendered in a short period of time and there is no material unsatisfied performance obligation at the end of the year.

(c) Assets recognised from incremental costs to obtain and fulfil a contract

During the years ended 31 December 2021 and 2020, there were no significant incremental costs incurred to obtain and fulfil a contract.

8 OTHER INCOME AND EXPENSES, NET

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Government grants (a)	13,701	3,660
Value-added tax refund	2,613	2,161
Car park handling fee income	330	487
Interest income		
– on bank deposits	1,452	66
– on amounts due from related parties	–	51
Late fees and penalties	(42)	(2,096)
Others	266	417
	18,320	4,746

(a) The government grants for 2021 included a subsidy of RMB9,000,000 (2020: Nil) received as incentives for listing of the Company's shares in the Stock Exchange.

9 OTHER GAINS AND LOSS, NET

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Exchange (loss)/gain	(5,366)	350
(Loss)/gain on deemed disposal of interests in a joint venture	(1)	92
Loss on disposals of property and equipment	–	(8)
	(5,367)	434

10 EXPENSES BY NATURE

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Employee benefit expenses (Note 11)	424,496	332,884
Cleaning and security expenses	61,954	28,337
Maintenance expenses	57,036	39,945
Utilities expenses	36,459	26,562
Depreciation and amortisation charges	17,039	11,118
Office and communication expenses	13,337	9,837
Greening and gardening expenses	9,556	3,892
Travelling and entertainment expenses	8,358	5,280
Advertising and promotion expenses	7,306	6,210
Taxes and surcharges	5,329	4,205
Cost of inventories sold	5,011	3,259
Housekeeping and catering	4,034	1,170
Bank charges	2,997	3,432
Auditor's remuneration		
– Annual audit services	2,480	2,280
– Non audit services	514	100
Professional service fees	1,902	1,152
Disabled persons' employment security fund	1,549	1,049
Short-term lease expenses	1,501	1,143
Listing expenses	–	27,085
Other expenses	850	113
Total cost of services and sales, selling and marketing expenses and administrative expenses	661,708	509,053

11 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Wages, salaries and bonuses	**359,632**	286,187
Social insurance and housing provident fund contributions	**38,782**	27,358
Other benefits	**26,082**	19,339
	424,496	332,884

All employees of the subsidiaries in the PRC participate in employee social insurance plans established in the PRC, which cover pension, medical and other welfare benefits. The plans are organised and administered by the government authorities. Except for the contributions made to these social insurance plans, the Group has no other material commitments owing to the employees. According to the relevant regulations, the contributions paid by the Group are principally determined based on percentages of the basic salaries of employees, subject to certain ceilings imposed. These contributions are expensed as incurred.

During the year ended 31 December 2021 and 2020, no forfeited contributions were utilised by the Group to reduce its contributions for the current year.

Contributions totalling RMB28,641,000 (2020: RMB34,644,000) were payable to the fund at the year-end.

12 DIRECTORS' EMOLUMENTS

(a) Directors' emoluments

The remuneration of each director and chief executive officer of the Company during the years ended 31 December 2021 and 2020 are set out below:

	Basic salaries, housing allowances and other allowances		Contribution to pension scheme		Discretionary bonuses		Total	
	2021 *RMB'000*	2020 *RMB'000*	2021 *RMB'000*	2020 *RMB'000*	2021 *RMB'000*	2020 *RMB'000*	2021 *RMB'000*	2020 *RMB'000*
Executive directors								
Mr. Zhu Hongge	1,163	1,193	2	8	528	555	1,693	1,756
Mr. Pang Bo	172	N/A	4	N/A	224	N/A	400	N/A
Mr. Bao Guojun	381	–	10	–	132	–	523	–
Ms. Mu Liyuan	206	310	6	8	–	127	212	445
Non-executive director								
Mr. Huang Fuqing	–	–	–	–	–	–	–	–
Mr. Pang Bo	–	–	–	–	–	–	–	–
Independent non-executive directors								
Ms. Liang Yunxu	100	17	–	–	–	–	100	17
Mr. Wang Huimin	100	17	–	–	–	–	100	17
Mr. Wong Kwok Yin	100	17	–	–	–	–	100	17
	2,222	1,554	22	16	884	682	3,128	2,252

(i) Ms. Mu Liyuan resigned as an executive director of the Company on 9 August 2021. Mr. Bao Guojun was appointed as an executive director of the Company on 9 August 2021.

(ii) Mr. Pang Bo was appointed as an executive director of the Company and ceased to be a non-executive director of the Company on 10 October 2021.

(iii) Mr. Zhu Hongge is also the chief executive officer of the Company.

12 DIRECTORS' EMOLUMENTS *(Continued)*

(b) Directors' retirement benefits

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiary undertaking for the year (2020: Nil).

No payment was made to the directors as compensation for early termination of appointment for the year (2020: Nil).

None of the directors of the Company waived any emoluments for the year (2020: Nil).

No emoluments were paid by the Group to the directors as an inducement to joint, or upon joining the Group, or as compensation for loss of office for the year (2020: Nil).

Save as disclosed in Note 31, there were no other loans, quasi-loans and other dealings in favour of the directors, controlled bodies corporate by and connected entities with such directors for the year (2020: Nil).

Save as disclosed in Note 31, no significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time for the year (2020: Nil).

12 DIRECTORS' EMOLUMENTS *(Continued)*

(c) Five highest paid individuals

The five individuals with the highest emoluments in the Group include 2 directors during the year (2020: 1 director). The emoluments payable to the remaining 3 individuals for the year (2020: 4 individuals) are as follows:

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Basic salaries, housing allowances and other allowances	1,237	1,789
Contribution to pension scheme	17	26
Discretionary bonuses	314	446
	1,568	2,261

The emoluments of those individuals fell within the following bands:

	Year ended 31 December	
	2021	2020
	Number of individuals	
Nil to HKD1,000,000	3	4

13 FINANCE COSTS

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Interest expense on bank borrowings	1,446	–
Interest expense on lease liabilities	100	119
	1,546	119

14 INCOME TAX EXPENSE

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Current income tax	**45,945**	40,191
Deferred income tax	**(11,481)**	(7,352)
	34,464	32,839

(a) Corporate income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and is exempted from the Cayman Islands income tax.

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profit generated in Hong Kong for the year (2020: Nil).

Income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rates (i.e. ranging from 2.5% to 25%) on the estimated assessable profits for the year.

(b) The income tax expense for the year reconciled to the profit before tax as follows:

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Profit before income tax	**138,644**	102,807
Tax calculated at applicable corporate income tax rate of 25%	**34,661**	25,702
Effects of different tax rates applicable to different subsidiaries of the Group	**(3,798)**	(480)
Tax losses not recognised as deferred income tax assets	**3,197**	744
Effects of share of results of investments accounted for using equity method	**26**	(330)
Expenses not deductible for taxation	**378**	7,203
	34,464	32,839

15 EARNINGS PER SHARE – BASIC AND DILUTED

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective years. The number of ordinary shares used for such purpose is based on the assumption that the reorganisation and the capitalisation issuance of shares before Listing as detailed in Note 23 have been in effect on 1 January 2020.

	Year ended 31 December	
	2021	2020
Profit attributable to owners of the Company (RMB'000)	**100,478**	65,426
Weighted average number of ordinary shares in issue (in thousands)	**611,549**	459,452
Basic earnings per share (RMB)	**0.16**	0.14

(b) Diluted earnings per share

	Year ended 31 December	
	2021	2020
Profit attributable to owners of the Company (RMB'000)	**100,478**	65,426
Weighted average number of ordinary shares in issue (in thousands)	**611,549**	459,452
Shares to be issued for over-allotment option (in thousands)	**–**	6
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**611,549**	459,458
Diluted earnings per share (RMB)	**0.16**	0.14

16 DIVIDENDS

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Dividends declared and paid during the year	**32,596**	–

A final dividend in respect of the year ended 31 December 2021 of HK79 cents per ten ordinary shares, in an aggregate amount of approximately HKD48,325,000, approximately RMB39,450,000 (2020: HK64 cents per ten ordinary shares, in an aggregate amount of approximately HKD39,150,000, approximately RMB32,596,000), taking into account 611,709,000 (2020: 611,709,000) ordinary shares in issue, has been proposed by the Board of Directors on 29 March 2022 and is subject to the approval by the shareholders of the Company in the forthcoming annual general meeting. The final dividend proposed has not been recognised as a liability in these consolidated financial statements.

17 PROPERTY AND EQUIPMENT

	Buildings *RMB'000*	Office equipment *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
Year ended 31 December 2021				
Opening net book amount	1,783	14,689	2,375	18,847
Acquisition of subsidiaries (Note 30)	4,250	1,010	86	5,346
Additions	–	11,744	696	12,440
Disposals	–	(27)	(165)	(192)
Depreciation	(347)	(6,349)	(961)	(7,657)
Closing net book amount	5,686	21,067	2,031	28,784
At 31 December 2021				
Cost	6,726	39,143	5,083	50,952
Accumulated depreciation	(1,040)	(18,076)	(3,052)	(22,168)
Net book amount	5,686	21,067	2,031	28,784
Year ended 31 December 2020				
Opening net book amount	1,478	10,432	2,723	14,633
Acquisition of a subsidiary	–	295	15	310
Additions	357	8,287	623	9,267
Disposals	–	(466)	(30)	(496)
Depreciation	(52)	(3,859)	(956)	(4,867)
Closing net book amount	1,783	14,689	2,375	18,847
At 31 December 2020				
Cost	2,476	26,596	4,587	33,659
Accumulated depreciation	(693)	(11,907)	(2,212)	(14,812)
Net book amount	1,783	14,689	2,375	18,847

Depreciation was charged to the "Administrative expenses" in the consolidated statement of comprehensive income.

18 INTANGIBLE ASSETS

	Property management contracts *RMB'000*	Goodwill *RMB'000*	Software *RMB'000*	Total *RMB'000*
Year ended 31 December 2021				
Opening net book amount	17,547	14,859	1,780	34,186
Acquisition of subsidiaries (Note 30)	35,430	91,903	–	127,333
Amortisation	(6,818)	–	(216)	(7,034)
Closing net book amount	46,159	106,762	1,564	154,485
At 31 December 2021				
Cost	56,704	106,762	1,856	165,322
Accumulated amortisation	(10,545)	–	(292)	(10,837)
Net book amount	46,159	106,762	1,564	154,485
Year ended 31 December 2020				
Opening net book amount	20,824	14,859	–	35,683
Acquisition of a subsidiary	240	–	–	240
Additions	–	–	1,856	1,856
Amortisation	(3,517)	–	(76)	(3,593)
Closing net book amount	17,547	14,859	1,780	34,186
At 31 December 2020				
Cost	21,274	14,859	1,856	37,989
Accumulated amortisation	(3,727)	–	(76)	(3,803)
Net book amount	17,547	14,859	1,780	34,186

Amortisation was charged to the "Cost of services and sales" in the consolidated statement of comprehensive income.

18 INTANGIBLE ASSETS *(Continued)*

Impairment tests for goodwill

During the year ended 31 December 2021, goodwill increased by RMB91,903,000 due to the acquisitions of 100% equity interests in Shanghai Baoji and 51% equity interests in Hunan Yahua Property Services Company Limited ("Hunan Yahua") (Note 30).

Impairment review on the goodwill has been conducted by the management with the assistance of a valuation performed by a third-party independent valuer (Jones Lang LaSalle Corporate Appraisal and Advisory Limited) as at 31 December 2021 according to HKAS 36 "Impairment of assets". The Group carries out its impairment testing on goodwill by comparing the recoverable amounts of CGUs or groups of CGUs to their carrying amounts. The recoverable amount of each CGU is determined based on value-in-use ("VIU") calculation.

As at 31 December 2021, goodwill arising from the acquisitions were allocated to the CGU of Shanghai Baoji, Hunan Jiayuan Huaguan Property Services Company Limited ("Hunan Huaguan") and Hunan Yahua as follows:

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Shanghai Baoji CGU	83,645	–
Hunan Huaguan CGU	14,859	14,859
Hunan Yahua CGU	8,258	–
	106,762	14,859

18 INTANGIBLE ASSETS *(Continued)*

Impairment tests for goodwill *(Continued)*

The following table sets forth each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

	As at 31 December	
	2021	2020
For Shanghai Baoji CGU:		
Revenue growth rates during the projection period	**1.9%-8.9%**	N/A
Gross profit margins during the projection period	**23.2%-25.8%**	N/A
Terminal growth rate	**2.0%**	N/A
Pre-tax discount rate	**17.9%**	N/A
For Hunan Huaguan CGU:		
Revenue growth rates during the projection period	**1.0%-20.6%**	1.0%-20.1%
Gross profit margins during the projection period	**19.7%-22.0%**	19.9%-22.4%
Terminal growth rate	**2.0%**	2.6%
Pre-tax discount rate	**27.2%**	26.5%
For Hunan Yahua CGU:		
Revenue growth rates during the projection period	**3.8%-91.7%**	N/A
Gross profit margins during the projection period	**20.9%-24.6%**	N/A
Terminal growth rate	**2.0%**	N/A
Pre-tax discount rate	**17.9%**	N/A

As at 31 December 2021, based on VIU calculation, the recoverable amount of Shanghai Baoji CGU, Hunan Huaguan CGU and Hunan Yahua CGU exceeded its carrying value by RMB4,373,000, RMB1,149,000 (2020: RMB579,000) and RMB551,000 respectively. No impairment provision for goodwill was considered necessary as at 31 December 2021 (2020: Nil).

18 INTANGIBLE ASSETS *(Continued)*

Impairment tests for goodwill *(Continued)*

The key assumptions used in the VIU calculations are as follows:

(a) Revenue growth rates – The revenue growth rates are estimated based on the Group's contracted gross floor area under management, expected new projects under management and pricing standards.

(b) Gross profit margins – The gross profit margins during the projection period are determined by the management based on past performance, the current market conditions and its expectation for market development.

(c) Terminal growth rates – The terminal growth rates are estimated by reference to the long-term expected inflation rate. Cash flows beyond the projection period are extrapolated using the estimated terminal growth rates.

(d) Pre-tax discount rates – The discount rates used are pre-tax and reflect market assessments of the time value and the specific risks relating to the industry.

The directors have also considered the adverse impact of COVID-19 epidemic to the estimation of aforesaid key assumptions.

Management of the Group believes that any reasonably possible change in key assumptions of the VIU calculation would not cause the carrying amount to exceed the recoverable amount of each CGU. The possibility of the negative impact of variation in the key assumptions, including revenue growth rates, gross profit margins, terminal growth rate and pre-tax discount rate, for goodwill impairment is considered low.

19 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Interests in a joint venture (a)	–	229
Interests in associates (b)	5,472	1,609
	5,472	1,838

(a) Interests in a joint venture

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
At the beginning of the year	229	4,924
Transfer to a subsidiary	(249)	(6,004)
Share of results	20	1,309
At the end of the year	–	229

As at 31 December 2020, the Group has 51% equity interests in Zhejiang Xingjia Property Services Company Limited (浙江星佳物業服務有限公司) ("Zhejiang Xingjia"), a limited liability company incorporated and operating in the PRC. Its principal activities are property management. In July 2021, the Group and the other shareholder of Zhejiang Xingjia, revised the Articles of Association of Zhejiang Xingjia and the Group obtained control of Zhejiang Xingjia. The transaction was treated as a business combination of subsidiary (Note 30).

19 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(Continued)*

(b) Interests in associates

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
At the beginning of the year	1,609	1,600
Additions	4,000	–
Share of results	(137)	9
At the end of the year	5,472	1,609

Set out below are the details of the associates:

	Place of incorporation and operation	Principal activities	Proportion of equity interest held by the Group As at 31 December	
			2021	2020
Hunan Beileide Property Service Company Limited (湖南貝雷德物業管理有限公司) ("Hunan Beileide") (i)	the PRC	Property management	8%	8%
Chongqing Free Trade Port Gangjia Integrated Service Co., Ltd. (重慶保税港區港佳綜合服務有限公司) ("Chongqing Gangjia")	the PRC	Property management	40%	40%

(i) Hunan Beileide is accounted for as an associate of the Group due to representation in the board of directors.

The directors of the Company consider that the associates were not significant to the Group and thus the financial information of the associates was not disclosed.

As at 31 December 2021 and 2020, there were no significant contingent liabilities and commitments relating to the Group's interests in the associates. The associates are unlisted companies and have no quoted price.

20 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Financial assets at amortised cost:		
Trade and other receivables (excluding prepayments)	370,382	241,324
Restricted bank deposits	1,276	1,219
Short-term bank deposits	280,000	–
Cash and cash equivalents	351,785	617,771
	1,003,443	860,314

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Financial liabilities at amortised cost:		
Trade and other payables (excluding payroll and taxes payable)	291,700	205,155
Bank borrowings	52,540	–
Lease liabilities	1,857	2,091
	346,097	207,246

21 TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Trade receivables (a)	**328,791**	213,338
Other receivables (b)	**41,591**	27,986
Prepayments	**5,227**	5,159
Trade and other receivables, net	**375,609**	246,483

(a) Trade receivables

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Trade receivables	**389,945**	243,213
Less: allowance for impairment (Note 3.1.2)	**(61,154)**	(29,875)
	328,791	213,338

No credit term is granted to Customers. The ageing analysis of the trade receivables based on invoice date was as follows:

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
0-60 days	**93,492**	72,868
61-180 days	**89,275**	51,933
181-365 days	**76,941**	62,387
1-2 years	**89,736**	42,304
2-3 years	**28,001**	4,915
3-4 years	**4,648**	4,457
4-5 years	**4,248**	2,066
More than 5 years	**3,604**	2,283
	389,945	243,213

21 TRADE AND OTHER RECEIVABLES *(Continued)*

(b) Other receivables

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Other receivables		
– Deposits and payments made on behalf of Customers	**36,656**	23,329
– Others	**5,524**	5,045
	42,180	28,374
Less: allowance for impairment (Note 3.1.2)	**(589)**	(388)
	41,591	27,986

22 RESTRICTED BANK DEPOSITS, SHORT-TERM BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Cash at banks and on hand (a)	**633,061**	618,990
Less: Restricted bank deposits (b)	**(1,276)**	(1,219)
Short-term bank deposits (c)	**(280,000)**	–
Cash and cash equivalents	**351,785**	617,771
Cash at banks and on hand are dominated in:		
HKD	**147,258**	465,040
RMB	**485,803**	153,950
	633,061	618,990

(a) The above bank balances carry interests at variable rates with a weighted average of 0.91% per annum as at 31 December 2021 (2020: 0.3%).

(b) Home decoration guarantee deposits received from Customers were deposited in restricted bank accounts according to the requirements of the local government authorities.

(c) The term of the deposit is six months and with an interest rate of 2.05% per annum.

23 SHARE CAPITAL

	Number of ordinary shares	Nominal value of shares HKD'000	Equivalent nominal value of shares RMB'000
Authorised			
At 31 December 2020 and 31 December 2021	2,000,000,000	20,000	17,195
Issued and fully paid			
At 1 January 2021	600,000,000	6,000	5,128
Issuance of shares (c)	11,709,000	117	97
At 31 December 2021	611,709,000	6,117	5,225
Issued on the date of incorporation	1	–	–
Issued in connection with reorganisation before Listing	99	–	–
Issued upon Listing (a)	150,000,000	1,500	1,262
Issued in connection with Capitalisation (b)	449,999,900	4,500	3,866
At 31 December 2020	600,000,000	6,000	5,128

(a) On 9 December 2020, upon Listing, the Company issued 150,000,000 new ordinary shares with par value HKD0.01 each at HKD3.86 per share to public (the "Public Offering"), and raised gross proceeds of HKD579,000,000 (equivalent to approximately RMB486,964,000).

(b) According to the resolutions of the sole shareholder passed on 21 October 2020 and with the share premium amount of the Company being credited as a result of the issue of shares pursuant to the Public Offering, the Company capitalised HKD4,499,999 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 449,999,900 shares for issue and allotment to its immediate holding company, Chuangyuan Holdings Limited (the "Capitalisation").

(c) On 6 January 2021, the Company issued 11,709,000 ordinary shares with par value of HKD0.01 each at HKD3.86 per share to public pursuant to an over-allotment option granted in conjunction with the Public Offering. Gross proceeds from the issue were HKD45,197,000 (equivalent to approximately RMB37,513,000).

24 RESERVES

	Share premium *RMB'000*	Retained earnings *RMB'000*	Statutory reserves *RMB'000*	Others reserves *RMB'000*	Total *RMB'000*
At 1 January 2021	449,481	128,560	25,800	(107,786)	496,055
Profit for the year	–	100,478	–	–	100,478
Appropriation of statutory reserves (a)	–	(12,923)	12,923	–	–
Dividends paid	(32,596)	–	–	–	(32,596)
Issuance of shares (Note 23 (c))	37,416	–	–	–	37,416
At 31 December 2021	**454,301**	**216,115**	**38,723**	**(107,786)**	**601,353**
At 1 January 2020	–	74,089	14,845	62,214	151,148
Profit for the year	–	65,426	–	–	65,426
Appropriation of statutory reserves	–	(10,955)	10,955	–	–
Dividends paid	–	–	–	(170,000)	(170,000)
Capitalisation issue	(3,866)	–	–	–	(3,866)
Issue of new shares upon Listing (Note 23 (a))	485,702	–	–	–	485,702
Share issuance costs	(32,355)	–	–	–	(32,355)
At 31 December 2020	449,481	128,560	25,800	(107,786)	496,055

(a) The Company's subsidiaries registered in the PRC are required to set aside at least 10% of its after-tax profits, if any, to fund its statutory reserves, which are not available for distribution as cash dividends.

25 TRADE AND OTHER PAYABLES

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Trade payables (a)	61,277	23,822
Other payables		
– Utility and other charges (b)	53,027	40,810
– Owners' maintenance fund (c)	41,822	37,836
– Deposits received (d)	87,548	69,320
– Consideration payable for business combinations	28,839	285
– Listing expenses and share issuance costs payable	–	18,743
– Payroll payable	83,675	87,515
– Other taxes payables	14,367	12,802
– Others	19,187	14,339
	328,465	281,650
	389,742	305,472

(a) The ageing analysis of trade payables based on the invoice date was as follows:

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
0-60 days	42,430	17,307
61-180 days	13,424	1,710
181-365 days	2,259	1,760
more than 1 year	3,164	3,045
	61,277	23,822

(b) The amounts represented receipts from Customers to settle their utility bills and other charges on their behalf.

(c) The amounts represented various proceeds received on behalf of the property owners to be used for property maintenance.

(d) The amounts mainly represented deposits received in relation to home decoration from Customers and performance guarantee deposits from suppliers, which would be refunded upon completion work.

26 BANK BORROWINGS

	31 December 2021 RMB'000	31 December 2020 RMB'000
Bank loans		
– secured and guaranteed	52,540	–
Less: amounts due within one year or on demand shown under current liabilities	(11,378)	–
Amount shown under non-current liabilities	41,162	–

The effective interest rate of bank borrowings at the year ended 31 December 2021 was 4.75% (2020: N/A).

At 31 December, the group's bank borrowings were repayable as follows:

	2021 RMB'000	2020 RMB'000
Within 1 year	11,378	-
Between 1 and 2 years	11,302	-
Between 2 and 5 years	29,860	-
	52,540	-

As at 31 December 2021, 100% equity interest of Shanghai Baoji has been pledged to secure the whole balance of bank borrowings. The bank borrowings are guaranteed jointly by Mr. Shum and an entity controlled by Mr. Shum (Note 31).

27 DEFERRED INCOME TAX

	As at 31 December	
	2021 RMB'000	2020 RMB'000
Deferred income tax assets:		
– to be recovered within 12 months	15,839	12,468
– to be recovered over 12 months	11,768	5,347
	27,607	17,815
Deferred income tax liabilities:		
– to be recovered within 12 months	2,018	889
– to be recovered over 12 months	9,595	3,556
	11,613	4,445

27 DEFERRED INCOME TAX *(Continued)*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax relates to the same fiscal authority. There was no item for offsetting during the year. The movements in deferred income tax assets and liabilities during the year were as follows:

Deferred income tax assets:

	Allowance for impairment of financial assets	Accrued expenses	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2021	7,418	8,395	2,002	17,815
Credited to the consolidated statement of comprehensive income	7,982	(1,236)	3,046	9,792
At 31 December 2021	15,400	7,159	5,048	27,607
At 1 January 2020	5,136	6,037	112	11,285
Credited to the consolidated statement of comprehensive income	2,282	2,358	1,890	6,530
At 31 December 2020	7,418	8,395	2,002	17,815

27 DEFERRED INCOME TAX *(Continued)*

Deferred income tax liabilities:

	Fair value gain from business combinations *RMB'000*
At 1 January 2021	**4,445**
Acquisition of a subsidiary (Note 30)	**8,857**
Credited to the consolidated statement of comprehensive income	**(1,689)**
At 31 December 2021	**11,613**
At 1 January 2020	5,207
Acquisition of a subsidiary	60
Credited to the consolidated statement of comprehensive income	(822)
At 31 December 2020	4,445

Under the income tax laws in the PRC, withholding tax is imposed on dividend declared in respect of profit earned by the PRC subsidiaries. As at 31 December 2021, the retained earnings of the Group's PRC subsidiaries and not yet remitted to their overseas holding companies incorporated outside PRC, for which no deferred income tax liabilities had been provided, were approximately RMB216,115,000 (2020: RMB128,560,000). Such earnings are expected to be retained by the PRC subsidiaries for reinvestment purposes and would not be remitted to their overseas holding companies in the foreseeable future based on management's estimation of overseas funding requirements.

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefits through future taxable profits is probable. For the year ended 31 December 2021, the Group did not recognise deferred income tax assets in respect of losses amounting to RMB13,063,000 (2020: the Group did not recognise deferred income tax assets in respect of losses amounting to RMB3,441,000) that can be carried forward against future taxable income. Tax losses of group companies operated in the PRC could be carried forward for a maximum of five years.

28 CASH FLOW INFORMATION

(a) Cash generated from operations

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Profit before taxation	**138,644**	102,807
Profit before taxation		
Adjustments for		
– Depreciation of property and equipment	**7,657**	4,867
– Depreciation of right-of-use assets	**2,348**	2,658
– Amortisation of intangible assets	**7,034**	3,593
– Impairment loss of financial assets	**31,480**	9,615
– Interest income (Note 8)	**(1,452)**	(117)
– Finance cost (Note 13)	**1,546**	119
– Share of results of investments accounted for using the equity method (Note 19)	**117**	(1,318)
– Loss/(gain) on deemed on disposal of interests in a joint venture	**1**	(92)
– Exchange losses	**5,366**	968
Changes in working capital (excluding the effects of acquisition of subsidiaries):		
– (Increase)/decrease in restricted bank deposits	**(57)**	340
– (Increase)/decrease in inventories	**(31)**	379
– Increase in trade and other receivables	**(70,738)**	(88,900)
– Increase in contract liabilities	**17,317**	10,906
– Increase in trade and other payables	**22,139**	47,651
Cash generated from operations	**161,371**	93,476

28 CASH FLOW INFORMATION *(Continued)*

(b) Disposals of property and equipment

In the consolidated statement of cash flows, proceeds from disposals of property and equipment comprise:

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Net book amount (Note 17)	192	496
Loss on disposals	–	(8)
Proceeds from disposals	192	488

(c) Net debt

This section sets out an analysis of net debt and the movements in liabilities from financing activities:

	Lease liabilities	Payable for acquisition included in amounts due to related parties	Other amounts due to related parties	Bank borrowings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Net debt as at 1 January 2021	2,091	–	–	–	2,091
Cash flows	(1,937)	–	–	51,094	49,157
Non-cash					
– Interest expenses	100	–	–	1,446	1,546
– Acquisition of lease contracts	1,603	–	–	–	1,603
Net debt as at 31 December 2021	1,857	–	–	52,540	54,397
Net debt as at 1 January 2020	2,523	4,200	300,000	–	306,723
Cash flows	(2,700)	–	(300,000)	–	(302,700)
Non-cash					
– Interest expenses	119	–	–	–	119
– Acquisition of lease contracts	2,149	–	–	–	2,149
– Offsetting against other receivables	–	(4,200)	–	–	(4,200)
Net debt as at 31 December 2020	2,091	–	–	–	2,091

28 CASH FLOW INFORMATION *(Continued)*

(d) Cash paid for acquisition of subsidiaries

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Settlement of consideration payable	**(285)**	(27,468)
Cash flow on business combination (Note 30)	**(112,479)**	2,803
Cash paid	**(112,764)**	(24,665)

29 COMMITMENTS

Operating lease commitments

The Group's lease commitments under non-cancellable short-term and low-value operating leases are as follows:

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
No later than 1 year	**582**	552

30 BUSINESS COMBINATIONS

During the year, the Group had the below business combinations:

	Consideration *RMB'000*	Net cash on acquisition *RMB'000*	Non-controlling interests impact *RMB'000*
Acquisition of Shanghai Baoji (a)	139,238	(106,855)	–
Acquisition of Hunan Yahua (b)	10,200	(6,540)	1,866
Transfer of Zhejiang Xingjia (Note19(a))	–	916	239
	149,438	(112,479)	2,105

(a) In April 2021, the Group acquired 100% equity interest in Shanghai Baoji at a consideration of RMB139,238,000. Details are as follows:

	RMB'000
Considerations	
Settled in 2021	113,559
Outstanding as at 31 December 2021	25,679
Total cash considerations	139,238
Total recognised amounts of identifiable assets acquired and liabilities assumed are as follows:	
Property and equipment	4,971
Intangible assets – property management contracts	26,850
Trade and other receivables	80,274
Cash and cash equivalent	6,704
Contract liabilities	(22,839)
Trade and other payables	(29,586)
Current income tax liabilities	(4,069)
Deferred tax liabilities	(6,712)
Total identifiable net assets	55,593
Add: goodwill	83,645
Net assets acquired	139,238
Outflow of cash to acquire business, net of cash acquired in 2021:	
Partial settlement of cash consideration	113,559
Cash and cash equivalents in the subsidiary acquired	(6,704)
Net cash outflow on acquisition	106,855

30 BUSINESS COMBINATIONS *(Continued)*

(a) (Continued)

Valuation was performed by an independent valuer to determine the fair value of the identified property management contracts at the acquisition date. The valuation method used is the multi-period excess earnings method. The key assumptions applied in determining the fair value of property management contracts at the date of acquisition are disclosed as follows:

Gross profit margin	22.0%-22.9%
Post-tax discount rate	14.6%

The goodwill arose from the acquisition was mainly attributable to the expected synergies from combining the operations of the Group and the acquired entity.

The acquired business contributed total revenue of RMB74,772,000 and net profit of RMB1,891,000 to the Group for the period from the acquisition date to 31 December 2021.

Had this business been consolidated from 1 January 2021, the statement of comprehensive income of the Group would show proforma revenue and profit for the year ended 31 December 2021 of RMB855,142,000 and RMB107,738,000 respectively.

30 BUSINESS COMBINATIONS *(Continued)*

(b) In October 2021, the Group acquired 51% equity interest in Hunan Yahua at a consideration of RMB10,200,000. Details are as follows:

	RMB'000
Considerations	10,200
Settled in 2021	7,040
Outstanding as at 31 December 2021	3,160
Total cash considerations	10,200
Total recognised amounts of identifiable assets acquired and liabilities assumed are as follows:	
Property and equipment	346
Intangible assets – property management contracts	8,580
Trade and other receivables	12,023
Cash and cash equivalent	500
Contract liabilities	(1,341)
Trade and other payables	(14,155)
Deferred tax liabilities	(2,145)
Total identifiable net assets	3,808
Less: non-controlling interests	(1,866)
Add: goodwill	8,258
Net assets acquired	10,200
Outflow of cash to acquire business, net of cash acquired in 2021:	
Partial settlement of cash consideration	7,040
Cash and cash equivalents in the subsidiary acquired	(500)
Net cash outflow on acquisition	6,540

30 BUSINESS COMBINATIONS *(Continued)*

(b) (Continued)

Valuation was performed by an independent valuer to determine the fair value of the identified property management contracts at the acquisition date. The valuation method used is the multi-period excess earnings method. The key assumptions applied in determining the fair value of property management contracts at the date of acquisition are disclosed as follows:

Gross profit margin	20.9%-24.6%
Post-tax discount rate	17.0%

The goodwill arose from the acquisition was mainly attributable to the expected synergies from combining the operations of the Group and the acquired entity.

The acquired business contributed total revenue of RMB2,910,000 and net profit of RMB48,000 to the Group for the period from the acquisition date to 31 December 2021.

Had this business been consolidated from 1 January 2021, the statement of comprehensive income of the Group would show proforma revenue and profit for the year ended 31 December 2021 of RMB825,739,000 and RMB104,409,000 respectively.

The Group elected to recognise the non-controlling interests at its proportionate share of the acquired identifiable net assets.

31 SIGNIFICANT RELATED PARTY TRANSACTIONS

Apart from those related party transactions disclosed elsewhere in the consolidated financial statements, the following transactions were carried out with related parties:

(a) Transactions with related parties

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Entities controlled by Mr. Shum		
– Provision of property management services	11,528	12,970
– Provision of value-added services to property developers	82,199	67,152
– Provision of joint financial guarantees to the Group	75,000	–
– Settlement of lease liabilities	166	151
– Interest expense on lease liabilities	24	20
– Additions of right-of-use assets	1,085	475
Entities jointly controlled by Mr. Shum		
– Provision of property management services	296	305
– Provision of value-added services to property developers	8,439	2,379
Key management of the Group		
– Interest received	–	51
Entities over which Mr. Shum has significant influence		
– Provision of value-added services to property developers	2,510	–
Mr. Shum		
– Provision of joint financial guarantees to the Group	75,000	–

The prices for the above service and other transactions were determined in accordance with the terms mutually agreed by the contract parties.

31 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

(b) Key management compensation

Key management group includes directors and senior managements of the Group. The compensation paid or payable to key management is shown below:

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
– Salaries, wages and bonuses	**4,204**	4,399
– Social insurance and housing provident fund contributions	**118**	160
– Other benefits	**76**	74
	4,398	4,633

(c) Balances with related parties

During the years ended 31 December 2021 and 2020, certain subsidiaries of Jiayuan International primarily engaged in property development business ("Property Development Companies") entered into sales contracts with the property buyers, which included sales of properties developed by them and provision of property management services by the Group for a certain period of time. The Property Development Companies collected the contract sum from the property buyers and then transferred the amounts relating to the part of property management services to the Group on a regular basis.

31 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

(c) Balances with related parties *(Continued)*

Balance with related parties were included in the following items:

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Entities controlled by Mr. Shum		
Trade in nature and included in:		
– Trade receivables	101,283	72,438
– Deposits and payments made on behalf of Customers	4,953	3,447
– Trade payables	126	176
– Utility and other payables	2,641	3,080
– Contract liabilities	370	615
– Lease liabilities	1,253	310
Entities jointly controlled by Mr. Shum		
Trade in nature and included in:		
– Trade receivables	3,549	2,879
– Utility and other payables	182	103
Entity jointly controlled by the Group		
Trade in nature and included in:		
– Deposits and payments on behalf of Customers	–	35
Entities over which Mr. Shum has significant influence		
Trade in nature and included in:		
– Trade receivables	1,469	–
– Utility and other payables	117	–

Note:

The balances with related parties are unsecured, interest-free and repayable on demand.

32 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	As at 31 December 2021 RMB'000	2020 RMB'000
ASSETS			
Non-current assets			
Right-of-use assets		543	–
Investments in subsidiary	(a)	388,224	100,934
		388,767	100,934
Current assets			
Other receivables		57,729	50,122
Cash and cash equivalents		147,088	465,230
		204,817	515,352
Total assets		593,584	616,286
EQUITY			
Share capital		5,225	5,128
Reserves	(b)	564,830	572,249
Total equity		570,055	577,377
LIABILITIES			
Current liabilities			
Other payables		22,432	38,909
Lease liabilities		1,097	–
		23,529	38,909
Total liabilities		23,529	38,909
Total equity and liabilities		593,584	616,286

The statement of financial position of the Company was approved by the Board of Directors on 29 March 2022 and was signed on its behalf by:

Mr. Zhu Hongge	**Mr. Pang Bo**
Director	*Director*

32 STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

(a) Investments in subsidiary

Investments in subsidiary represent the deemed cost of investment in Chuangyuan Development Limited ("Chuangyuan Development"). In March and June 2021, the Company increased investments in subsidiary through capital injections in the total amounts of RMB287,290,000.

(b) Reserve movements of the Company

	Share premium *RMB'000*	Other reserves *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*
At 1 January 2021	449,481	100,934	21,834	572,249
Loss for the period	–	–	(12,239)	(12,239)
Dividend paid (Note 16)	(32,596)	–	–	(32,596)
Issue of shares (Note 23)	37,416	–	–	37,416
At 31 December 2021	454,301	100,934	9,595	564,830
At 5 March 2020 (date of incorporation)	–	–	–	–
Surplus arising from issue of share in connection with the reorganisation before Listing (i)	–	100,934	–	100,934
Profit for the period	–	–	191,834	191,834
Dividend paid	–	–	(170,000)	(170,000)
Issue of shares (Note 23)	485,702	–	–	485,702
Capitalisation issue (Note 23)	(3,866)	–	–	(3,866)
Share issuance costs (Note 23)	(32,355)	–	–	(32,355)
At 31 December 2020	449,481	100,934	21,834	572,249

(i) Amounts represented the difference between the net asset value of the subsidiaries acquired by the Company over the nominal value of the share capital of the Company issued in exchange thereof.

33 SUBSIDIARIES

The following is a list of principal subsidiaries, all of these are limited liability companies:

Name of subsidiaries	Place of incorporation	Register/issued capital	Equity interest attributable to the Group		Principal activities/place of operations
			2021	2020	
Directly held by the Company:					
Chuangyuan Development (創源發展有限公司)	BVI	US$1	**100%**	100%	Investment holding in Hong Kong
Indirectly held by the Company:					
Jiayuan Property Management Limited (佳源物業管理有限公司)	Hong Kong	HK$1	**100%**	100%	Investment holding in Hong Kong
Zhejiang Heyuan Property Services Co., Ltd (浙江禾源物業服務有限公司) (i)	the PRC	US$100,000,000	**100%**	100%	Investment holding in the PRC
Zhejiang Jiayuan Services (浙江佳源物業服務集團有限公司)	the PRC	RMB500,000,000	**100%**	100%	Property management in the PRC
Anhui Chongyuan Property Management Company Limited (安徽崇源物業管理有限公司)	the PRC	RMB5,000,000	**100%**	100%	Property management in the PRC
Zhejiang Meiyuan Family Services Company Limited (浙江美源家庭服務有限公司)	the PRC	RMB10,000,000	**100%**	100%	Community value added services in the PRC
Chongqing Zhongnong Guoxin Property Management Company Limited (重慶中農國信物業管理有限公司)	the PRC	RMB5,000,000	**100%**	100%	Property management in the PRC
Xinjiang Jiayuan City Property Services Company Limited (新疆佳源都市物業服務有限公司)	the PRC	RMB5,000,000	**100%**	100%	Property management in the PRC
Hangzhou Jiayuan Minan Property Management Company Limited (杭州佳源民安物業管理有限公司)	the PRC	RMB3,000,000	**100%**	100%	Property management in the PRC

33 SUBSIDIARIES *(Continued)*

Name of subsidiaries	Place of incorporation	Register/issued capital	Equity interest attributable to the Group		Principal activities/place of operations
			2021	2020	
Indirectly held by the Company: *(Continued)*					
Yangzhou Shengyuan Property Services Company Limited (揚州盛源物業服務有限公司)	the PRC	RMB1,000,000	100%	100%	Property management in the PRC
Anhui Jiayuan Property Services Company Limited (安徽佳源物業服務有限公司)	the PRC	RMB5,000,000	100%	100%	Property management in the PRC
Hangzhou Jiayuan Property Services Company Limited (杭州佳源物業服務有限公司)	the PRC	RMB1,000,000	100%	100%	Property management in the PRC
Jiaxing Jiayuan Zhixiang Property Services Company Limited (嘉興佳源智想物業服務有限公司)	the PRC	RMB1,000,000	100%	100%	Property management in the PRC
Jiaxing Jiayuan Xingzhou Property Services Company Limited (嘉興佳源星洲物業服務有限公司)	the PRC	RMB500,000	100%	100%	Property management in the PRC
Hunan Huaguan (湖南佳源華冠物業服務有限公司)	the PRC	RMB5,000,000	65%	65%	Property management in the PRC
Hunan Huaze Property Services Company Limited ("Hunan Huaze") (湖南華澤物業服務有限公司)(a)	the PRC	RMB2,000,000	41%	41%	Property management in the PRC
Hunan Jiayuan Property Services Company Limited (湖南佳源物業服務有限公司)	the PRC	RMB5,000,000	100%	100%	Property management in the PRC
Guizhou Huahong Property Services Company Limited ("Guizhou Huahong") (貴州華弘物業服務有限公司)(b)	the PRC	RMB5,000,000	46%	46%	Property management in the PRC

33 SUBSIDIARIES *(Continued)*

Name of subsidiaries	Place of incorporation	Register/issued capital	Equity interest attributable to the Group		Principal activities/place of operations
			2021	2020	
Indirectly held by the Company: *(Continued)*					
Jilin Jiayuan Central North Property Services Company Limited (吉林佳源中北物業服務有限公司)	the PRC	RMB5,000,000	57%	57%	Property management in the PRC
Chongqing Jidiyoujia Real Estate Agency Company Limited (重慶及第有佳房地產經紀有限公司)	the PRC	RMB1,000,000	100%	100%	Community value added services in the PRC
Changsha Jidiyoujia Real Estate Agency Company Limited (長沙及第有佳房地產經紀有限公司)	the PRC	RMB1,000,000	65%	65%	Community value added services in the PRC
Tongxiang Jiayuan Wenyun Property Services Company Limited (桐鄉佳源文蘊物業服務有限公司)	the PRC	RMB1,000,000	100%	100%	Property management in the PRC
Chongqing Jiabao (重慶佳寶物業服務有限公司)	the PRC	RMB10,000,000	51%	51%	Property management in the PRC
Guizhou Jiazhi Property Services Company Limited (貴州佳致物業管理有限公司)	the PRC	RMB10,000,000	51%	51%	Property management in the PRC
Jiaxing Jiayuan Lvdong Property Services Company Limited (嘉興佳源律動物業服務有限公司)	the PRC	RMB1,000,000	100%	100%	Property management in the PRC
Xinjiang Jiayuan Caihong Property Services Company Limited (新疆佳源彩紅物業服務有限公司)	the PRC	RMB10,000,000	51%	51%	Property management in the PRC
Yuyao Jiayuan Hongsheng Property Services Company Limited (余姚佳源宏盛物業服務有限公司)	the PRC	RMB1,000,000	100%	N/A	Property management in the PRC

33 SUBSIDIARIES *(Continued)*

Name of subsidiaries	Place of incorporation	Register/issued capital	Equity interest attributable to the Group 2021	Equity interest attributable to the Group 2020	Principal activities/place of operations
Indirectly held by the Company: *(Continued)*					
Shaoyang Jianingyuan Property Services Company Limited (邵陽佳寧源物業服務有限公司)	the PRC	RMB10,000,000	67%	N/A	Property management in the PRC
Xiangyang Jiayuan Property Services Company Limited (襄陽佳源物業服務有限公司)	the PRC	RMB1,000,000	100%	N/A	Property management in the PRC
Shanghai Baoji Property Services Company Limited (上海保集物業管理有限公司)	the PRC	RMB13,000,000	100%	N/A	Property management in the PRC
Yangzhou Baoji Property Services Company Limited (揚州保集物業管理有限公司)	the PRC	RMB500,000	100%	N/A	Property management in the PRC
Yixing Shenglong Property Services Company Limited (宜興市神龍物業服務有限公司)	the PRC	RMB500,000	100%	N/A	Property management in the PRC
Qingdao Jiayuan Derun Property Services Company Limited (青島佳源德潤物業服務有限責任公司)	the PRC	RMB1,000,000	65%	N/A	Property management in the PRC
Jiayuan Services Trademark Limited (佳源服務商標有限公司)	Hong Kong	HK$1	100%	N/A	Investment holding in Hong Kong
Guangzhou Jiayuan Property Services Company Limited (廣州佳源物業服務有限公司)	the PRC	RMB1,000,000	100%	N/A	Property management in the PRC
Quzhou Jiayuan Property Services Company Limited (衢州佳源物業服務有限公司)	the PRC	RMB2,000,000	100%	N/A	Property management in the PRC

33 SUBSIDIARIES *(Continued)*

Name of subsidiaries	Place of incorporation	Register/issued capital	Equity interest attributable to the Group 2021	2020	Principal activities/place of operations
Indirectly held by the Company: *(Continued)*					
Chongqing Jiayuan Jiayou Property Services Company Limited (重慶佳源佳優物業服務有限公司)	the PRC	RMB5,000,000	100%	N/A	Community value added services in the PRC
Fushun Jiayuan Property Services Company Limited (撫順佳源物業服務有限公司)	the PRC	RMB1,000,000	100%	N/A	Property management in the PRC
Shaoxing Changyuan Property Services Company Limited (紹興昌源物業服務有限公司)	the PRC	RMB5,000,000	100%	N/A	Property management in the PRC
Hunan Meiyuan Domestic Service Company Limited (湖南美源家庭服務有限公司)	the PRC	RMB2,000,000	65%	N/A	Community value added services in the PRC
Mingguang Chongyuan Property Services Company Limited (明光崇源物業有限公司)	the PRC	RMB500,000	60%	N/A	Property management in the PRC
Yanhe Jiayuan Property Services Company Limited (沿河佳源物業服務有限公司)	the PRC	RMB10,000,000	100%	N/A	Property management in the PRC
Hunan Yahua Property Services Company Limited (湖南亞華物業管理有限公司)	the PRC	RMB8,800,000	51%	N/A	Property management in the PRC
Loudi Jiayuan Huaguan Property Services Company Limited (婁底佳源華冠物業服務有限公司)	the PRC	RMB2,000,000	65%	N/A	Property management in the PRC

33 SUBSIDIARIES *(Continued)*

Name of subsidiaries	Place of incorporation	Register/issued capital	Equity interest attributable to the Group		Principal activities/place of operations
			2021	2020	
Indirectly held by the Company: *(Continued)*					
Zhejiang Xingjia Property Services Company Limited (浙江星佳物業服務有限公司)	the PRC	RMB10,000,000	51%	N/A	Property management in the PRC
Jiayuan Property Management (Hong Kong) Limited (佳源物業管理(香港)有限公司)	Hong Kong	HK$1	100%	N/A	Property management in Hong Kong

(i) Registered as wholly foreign owned enterprises under PRC law.

(ii) Significant restrictions

Cash and bank deposits held in the PRC are subject to local exchange control regulations. These regulations provide for restrictions on exporting capital from the PRC, other than through normal dividends. The carrying amount of the cash and bank deposits included within the consolidated financial statements to which these restrictions apply is RMB485,634,000 (2020: RMB153,696,000).

(a) Hunan Huaze is 63% owned by Hunan Huaguan.

(b) Guizhou Huahong is 70% owned by Hunan Huaguan.

FINANCIAL SUMMARY

RESULTS

	Year ended 31 December				
	2017	2018	2019	2020	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	***RMB'000***
Revenue	209,804	331,258	454,891	615,096	**820,542**
Profit before taxation	25,109	48,542	68,304	102,807	**138,644**
Income tax expense	(6,760)	(12,766)	(18,090)	(32,839)	**(34,464)**
Profit and total comprehensive income for the year	18,349	35,776	50,214	69,968	**104,180**
Profit and total comprehensive income attributable to:					
– Owners of the Company	18,349	35,776	50,214	65,426	**100,478**
– Non-controlling interests	–	–	–	4,542	**3,702**
	18,349	35,776	50,214	69,968	**104,180**

NET ASSETS AND TOTAL EQUITY

	As at 31 December				
	2017	2018	2019	2020	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	***RMB'000***
Total assets	176,159	652,326	849,478	940,983	**1,227,129**
Total liabilities	180,215	551,392	688,173	422,744	**599,753**
Net assets	(4,056)	100,934	161,305	518,239	**627,376**
Equity attributable to owners of the Company	(4,056)	100,934	151,148	501,183	**606,578**
Non-controlling interests	–	–	10,157	17,056	**20,798**
Total equity	(4,056)	100,934	161,305	518,239	**627,376**