A-LIVING SMART CITY SERVICES CO., LTD.*
雅生活智慧城市服務股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 3319

LIFELONG CARING
FOR YOU,
HEARTWARMING
SERVICE TO CITY

2022
ANNUAL REPORT

*For identification purposes only

MISSION

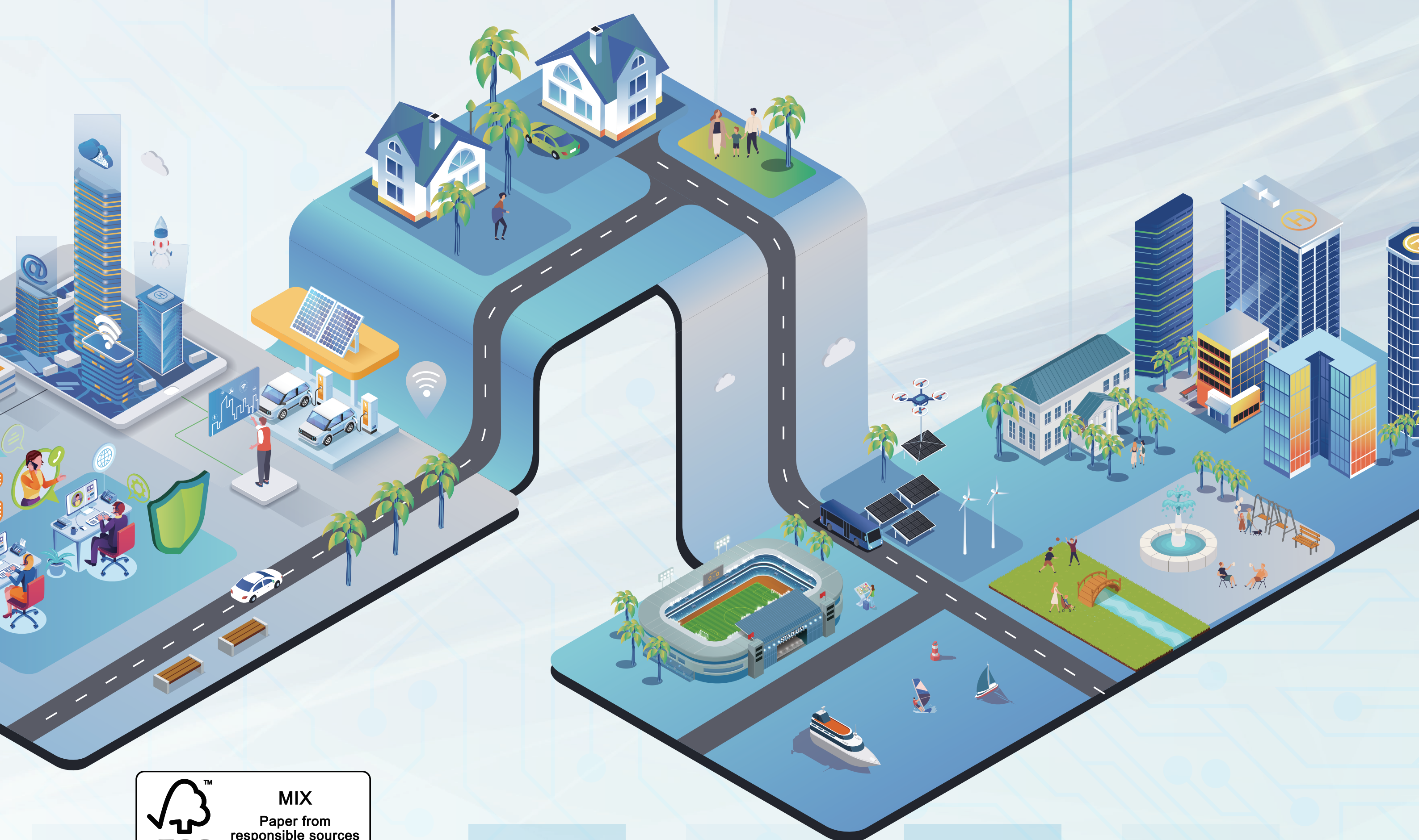
Lifelong caring for you,
heartwarming service to city

CORE VALUE

Inclusion and diversity;
Relentless pursuit of excellence;
Mutual benefit and common progress;
Value creation with concerted efforts

VISION

Become a preeminent quality
service provider in China



Corporate Profile

A-Living Smart City Services Co., Ltd. ("A-Living" or the "Company", together with its subsidiaries, collectively, the "Group") positions itself as a mid- to high-end provider of nationwide comprehensive property management services, ranking the 3rd of the Top 100 Property Management Companies in China published by China Index Academy. The Group dedicates to creating a happy living environment for every city and every individual with its extraordinary service capability for all business portfolios, in full service scenario and along the whole industrial chain, undertaking the corporate vision of "becoming the preeminent quality service provider in China". Currently, the Group has developed four business lines, namely, property management services, property owners value-added services, city services and extended value-added services, with a nationwide coverage of 31 provinces, municipalities and autonomous regions, and has developed a balanced business portfolio layout covering residential properties, public buildings and commercial and office buildings. As at 31 December 2022, the Group's total contracted GFA increased to approximately 731.5 million sq.m. and the total GFA under management reached approximately 545.8 million sq.m.

On 9 February 2018, the Group successfully spun off from Agile Group Holdings Limited（雅居樂集團控股有限公司）("Agile Holdings", and together with its subsidiaries, "Agile Group") and became the first property management company in the People's Republic of China (the "PRC" or "China") that officially spun off from a red-chip holding company to list on the H-Share market.

Contents

Corporate Information

Board of Directors

Mr. Chan Cheuk Hung* *(Co-chairman)*
Mr. Huang Fengchao* *(Co-chairman)*
Mr. Li Dalong* *(President (General Manager) and Chief Executive Officer)*
Mr. Wei Xianzhong**
Ms. Yue Yuan**
Mr. Wan Kam To#
Ms. Wong Chui Ping Cassie# *(resigned on 15 December 2022)*
Mr. Weng Guoqiang#
Mr. Li Jiahe# *(appointed on 3 March 2023)*

* Executive Directors
** Non-executive Directors
\# Independent Non-executive Directors

Board Committees

Audit Committee

Mr. Wan Kam To *(Committee Chairman)*
Ms. Wong Chui Ping Cassie *(resigned on 15 December 2022)*
Mr. Weng Guoqiang
Mr. Li Jiahe *(appointed on 3 March 2023)*

Remuneration and Appraisal Committee

Mr. Weng Guoqiang *(Committee Chairman)*
Mr. Huang Fengchao
Mr. Li Dalong
Mr. Wan Kam To
Ms. Wong Chui Ping Cassie *(resigned on 15 December 2022)*
Mr. Li Jiahe *(appointed on 3 March 2023)*

Nomination Committee

Mr. Huang Fengchao *(Committee Chairman)*
Mr. Li Dalong
Mr. Wan Kam To
Ms. Wong Chui Ping Cassie *(resigned on 15 December 2022)*
Mr. Weng Guoqiang
Mr. Li Jiahe *(appointed on 3 March 2023)*

Risk Management Committee

Mr. Huang Fengchao *(Committee Chairman)*
Mr. Chan Cheuk Hung
Mr. Li Dalong
Mr. Wan Kam To
Ms. Wong Chui Ping Cassie *(resigned on 15 December 2022)*
Mr. Li Jiahe *(appointed on 3 March 2023)*

Supervisory Committee

Mr. Liu Jianrong *(President of the Supervisory Committee, Employee representative Supervisor)*
Ms. Huang Zhixia *(Employee representative Supervisor)*
Mr. Shi Zhengyu *(Shareholder representative Supervisor)*
Mr. Wang Gonghu *(External Supervisor)*
Mr. Wang Shao *(External Supervisor)*

Joint Company Secretaries

Ms. Lai Kuen *(resigned on 23 November 2022)*
Mr. Huang Jiayi *(appointed on 23 November 2022)*
Mr. Li Kin Wai *(appointed on 23 November 2022)*

Authorised Representatives

Mr. Li Dalong
Ms. Lai Kuen *(resigned on 23 November 2022)*
Mr. Huang Jiayi *(appointed on 23 November 2022)*

Auditor

PricewaterhouseCoopers
Certified Public Accountant and Registered PIE Auditor
(resigned on 24 November 2022)
Grant Thornton Hong Kong Limited
(appointed on 3 March 2023)

Legal Advisors

as to Hong Kong law:
Sidley Austin LLP

as to PRC law:
King & Wood Mallesons

Principal Bankers

Bank of China, Guangzhou Zhujiang Branch
Industrial and Commercial Bank of China, Zhongshan Sanxiang Wenchang Branch
Industrial and Commercial Bank of China, Lingshui Branch
Agricultural Bank of China, Sanxiang Branch
Agricultural Bank of China, Guangzhou Zhujiang Branch
China Construction Bank, Guangzhou Huacheng Branch

Principal Place of Office in the PRC

35/F, Agile Center
26 Huaxia Road
Zhujiang New Town
Tianhe District, Guangzhou
Guangdong Province, PRC
Postal Code: 510623

Registered Office in the PRC

Management Building, Xingye Road
Agile Garden, Sanxiang Town
Zhongshan
Guangdong Province, PRC

Principal Place of Business in Hong Kong

17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

H Share Registrar

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong
Telephone: (852) 2980 1333
Facsimile: (852) 2861 1465

Investor Relations

Investor Relations Department
E-mail: ir@agileliving.com.cn
Telephone: (852) 2740 8921

Website

www.agileliving.com.cn

Listing Information

Equity Securities

The Company's ordinary shares include only overseas listed shares (H shares).

Overseas listed shares (stock code: 3319) are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

Financial Calendar

Annual results announcement	:	Tuesday, 28 March 2023
2022 annual general meeting (the "2022 AGM")	:	Tuesday, 30 May 2023

Closure of Register of Members and other Key Dates

The Company's register of members will be closed during the following period:

To determine the shareholders of the Company (the "Shareholders") who are entitled to attend and vote at the 2022 AGM

Latest time for lodging transfer documents of shares	:	4:30 p.m. on Friday, 28 April 2023
Period of closure of register of members	:	Saturday, 29 April 2023 to Tuesday, 30 May 2023 (both dates inclusive)

To qualify for attending and voting at the 2022 AGM, shareholders of overseas listed shares of the Company must lodge all properly completed share transfer forms accompanied by the relevant share certificates with the Company's H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than the above latest time for lodging transfer documents of shares.

Annual General Meeting

The 2022 AGM will be held on Tuesday, 30 May 2023. Notice of the 2022 AGM will be set out in the Company's circular dated 28 April 2023 and will be despatched together with this annual report to the Shareholders. Notice of the 2022 AGM and the proxy form will also be published on the Company's website (www.agileliving.com.cn) and the Hong Kong Stock Exchange's website (www.hkex.com.hk).

Despatch of Corporate Communications

This annual report (both Chinese and English versions) will be delivered to the Shareholders. This annual report is also published on the Company's website (www.agileliving.com.cn) and the Hong Kong Stock Exchange's website (www.hkex.com.hk).

For environmental protection reasons, the Company encourages the Shareholders to view this annual report posted on the aforesaid websites where possible.

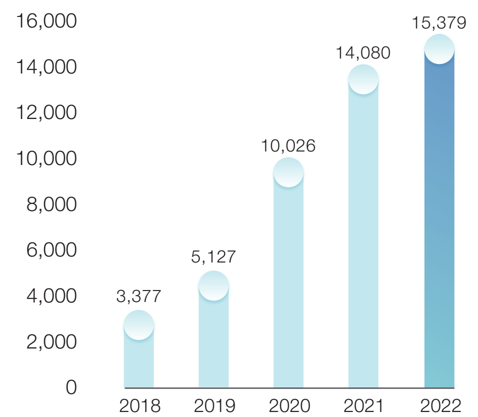
Summary of the Consolidated Income Statement

	Year ended 31 December	
	2022	2021
Revenue (RMB million)	**15,379**	14,080
Gross profit (RMB million)	**3,384**	3,869
Gross profit margin	**22.0%**	27.5%
Net profit (RMB million)	**1,935**	2,566
Net profit margin	**12.6%**	18.2%
Profit attributable to the Shareholders (RMB million)	**1,840**	2,308
Basic earnings per share (RMB)	**1.30**	1.67

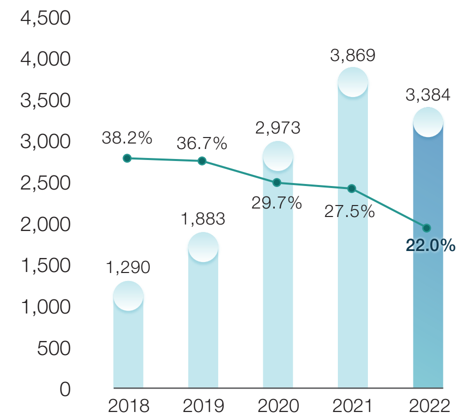
Summary of the Consolidated Balance Sheet

	As at 31 December	
	2022	2021
Total assets (RMB million)	**22,702**	20,181
Cash and cash equivalents (RMB million)	**3,799**	4,391
Shareholders' equity (RMB million)	**14,125**	12,911
Return on shareholders' equity attribute to the Company	**15.6%**	24.9%
Total liabilities/Total assets	**37.8%**	36.0%

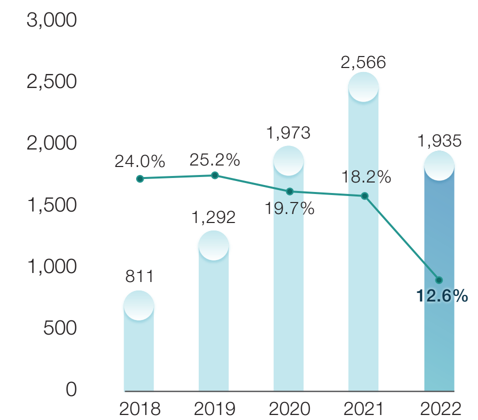
Revenue
(RMB million)



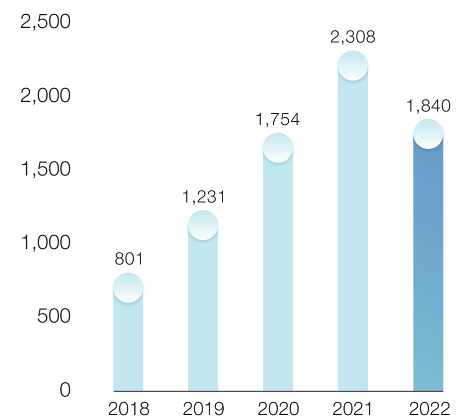
Gross profit and gross profit margin
(RMB million)/%



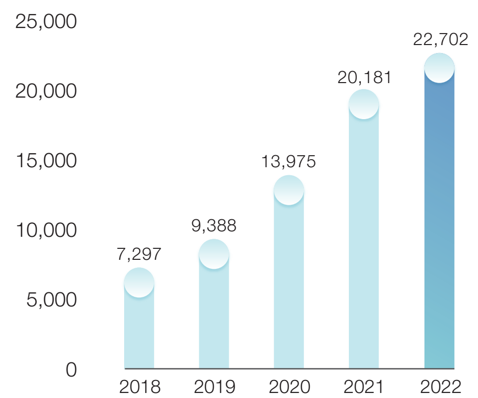
Net profit and net profit margin
(RMB million)/%



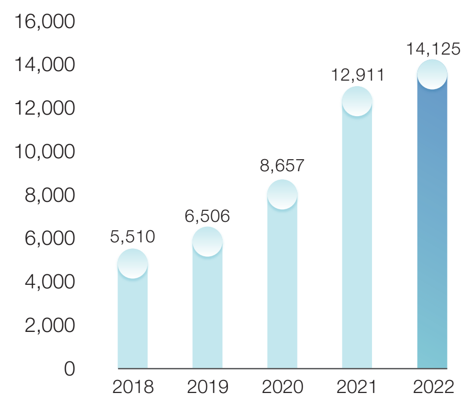
Profit attributable to the Shareholders of the Company
(RMB million)



Total assets
(RMB million)



Shareholders' equity
(RMB million)



Jan

1. From January to March, as a property service provider for the Winter Olympics, A-Living served one of the venues of the Beijing Winter Olympics and Paralympic Games – Taizicheng Snow Town in Chongli District, demonstrating the professional level of services for international competitions and taking the responsibility as a leading enterprise.

March

2. In March, A-Living Group reached in-depth strategic cooperation with Otis Elevator (China) Co. Ltd.（奧的斯電梯（中國）有限公司）, a well-known elevator and escalator manufacturer, to further consolidate the service advantages of both parties, improve smart living experience to residents, and contribute to the construction of smart cities in China.

3. From March to June, Shanghai was hit by the severe epidemic. A-Living's employees kept fighting the pandemic in the front line, stationed around 100 residential property projects, served over 110,000 property owners, and spared no effort to support daily activities in communities.

April

4. In April, A-Living won 13 awards, including the 3rd of the "2022 Top 100 Property Management Companies in China" by China Index Academy, maintaining its leading position in the industry in terms of comprehensive strengths.

5. In April, A-Living's "One in Hundred Plan（百一計劃）" for outstanding project managers selection was launched, aiming to select the business backbone talents. A total of more than 4,000 project managers participated in the competition and passed multiple rounds of training and evaluation for four months to select and cultivate talents in a scientific and systematic way.

May

6. In May, the "5-Star Campaign" for quality improvement of A-Living was upgraded further, with a comprehensive enhancement focusing on service image, environmental cleaning, facility repair, order maintenance and other dimensions to improve the comfort of living environment.

7. In May, many cities in South China were hit by heavy rains. The front-tier property service teams of A-Living responded in a timely manner, worked overnight and spared no effort to protect the safety of property owners and their homes whole-heartedly.

8. In May, A-Living upgraded its information platform and fully launched the contract management system on the Ding Talk platform for unified management and maintenance. The platform facilitates the orderly operation of more than 4,000 projects across the country, helping to realize the intelligent property management, and accelerating the comprehensive digital upgrade of organisation and property management businesses.

9. In August, A-Living entered into a strategic cooperation with CRRC Urban Traffic, pursuant to which both parties will carry out all-round cooperation in the fields of industrial park property management services and the construction of smart service platforms to facilitate the professional and intelligent development of property management services. In September, the first service project after cooperation, the CRRC Urban Traffic Fenhu Xing Jian Super Factory*（中車交通汾湖星艦超級工廠）, was successfully carried out.

10. In August, Longcheng under A-Living won the bid for the city service project in Henggang Subdistrict, Longgang District, Shenzhen, aiming at building high-efficiency and high-quality integrated environmental and sanitation services, which marked a breakthrough of the Group in large-scale city service projects in first-tier cities.

11. In September, A-Living Eastern China regional office and Zhongjiang Real Estate Group*（中匠地產集團）, a subsidiary of Jiangsu Zhongnong Group, jointly established a property management company. Both parties will give full play to their respective advantages and strive to build the service quality and brand benchmark of property management service in Huai'an city.

12. From November to December, many places across the country were hit by the most complicated and severe pandemic situation in the past three years. Pandemic-fighters from A-Living's property service team once again threw themselves into the breach to stick to their posts, effectively solved the needs of property owners and safeguarded the happiness of every family.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Major Recognition and Awards

1 • The 3rd of the "2022 Top 100 Property Management Companies in China"

2 • The 1st of the "2022 Top 100 Property Management Companies in terms of Business Performance in China"

3 • Top 2 of the "2022 Top 100 Property Management Companies in Management Scale in China"

4 • Top 2 of the "2022 Listed Property Management Companies in terms of Market Expansion in China"

5 • 2022 Top 2 Excellent Property Management Companies in ESG Development in China

6 • Top 3 of the "2022 Listed Property Management Companies in terms of Community Value-added Services in China"

7 • Top 4 of the "2022 Listed Property Management Companies in terms of Growth Potential in China"

8 • 2022 Top 100 Leading Property Management Companies in terms of Service Quality in China

9 • 2022 China's Top 100 Leading Property Management Companies on Customer Satisfaction

10 • 2022 Leading Specialized Property Management Companies in terms of Community Commercial Service in China

11 • 2022 Leading Property Management Companies for High-end Properties in China

12 • 2022 Leading Property Management Companies for Residential Properties in China

13 • 2022 Top 10 Public Building Service Companies

14 • 2022 Excellent Property Management Companies for Hospitals in China

15 • 2022 Leading Property Management Companies for Industrial Parks in China

16 • 2022 Leading Property Management Companies in Smart City Services

Chairman's Statement

Chan Cheuk Hung
Co-chairman of the Board

Huang Fengchao
Co-chairman of the Board

Dear Shareholders,

We are pleased to present the audited consolidated results of the Group for the year ended 31 December 2022 (the "Year").

2022 was a special year marked by difficulties for many industries. The macroeconomic environment was challenging due to the complicated international political and economic conditions and a recurrent COVID-19 pandemic in China. During the Year, the real estate market in China was in decline, with a slowdown in both the property development and a weak supply of firsthand residential projects. New home sales dropped in both volume and unit price for the first time in the past seven years. Liquidity crises occurred frequently at real estate companies. At the end of the Year, although governments in various regions introduced policies on stabilising the real estate sector, the sector's fundamentals had not yet improved significantly due to a slow recovery in demand and the impact of the COVID-19 pandemic.

The property management sector was affected by the doldrums in both the macro economy and the upstream industries. Property management companies' operation and growth encountered challenges. As a result, the valuation of the entire sector was significantly adjusted. Due to the shrinking supply of new residential units, property management companies turned to the existing residential projects and non-residential properties service opportunities on the market, thus intensifying the competition. In the past five years, property management companies had been trying to gradually wean themselves off real estate companies for business and developing independently with a market-oriented approach, branding and specialisation. With capital as a catalyst, the property management sector underwent rapid consolidation and differentiation. As the industry became better regulated and underwent standardization, leading property management companies gradually focused on the quality of service as the essence of their business, and further improved quality and built up their brands as their fundamental strengths in response to the market-oriented competition and property owners' increasing demand and higher requirements.

The Group actively responded to the challenges and changes in the market and the industry, refocused itself on its original aspiration to serve property owners, reviewed its own deficiencies in the course of development, took great efforts to remedy problems and ensure service quality, and sought to provide better services for property owners. Meanwhile, the Group adjusted its business strategies in view of the situation, adhered to long-termism, and pursued high-quality, sustainable development. During the Year, the overall strength was widely recognized of the Group and it ranked third among the "2022 Top 100 Property Management Companies in China".

Business Review

All the staff of the Group worked hard together to overcome many difficulties and protected the communities against the COVID-19 pandemic in the past three years by providing quality services for the property owners in the frontline. During the Year, the Group flexibly adjusted its development strategy by focusing on the existing residential projects as well as the non-residential properties that are not as sensitive to cyclical fluctuation and exploring opportunities of business diversification in the value chain of the industry. The Group still recorded steady growth in property services, city services and value-added services to property owners during the Year. Due to its adherence to market-oriented development strategies for years and the enhanced branding and regional expansion strategies, the Group ranked among the top-tier industry players in terms of market expansion capability. It also achieved breakthroughs in extending the range of property types and project portfolios. During the Year, the Group provided services to the venues of Beijing 2022 Winter Olympics and other international events. The Group recorded a steady growth in the scale of property management with relentless pursuit of excellence in service.

During the Year, the revenue of the Group was RMB15,378.6 million, representing an increase of 9.2% compared with the corresponding period of last year. Gross profit decreased by 12.5% to RMB3,384.0 million. Gross profit margin was 22.0%. Net profit decreased by 24.6% to RMB1,934.9 million. Net profit margin was 12.6%. Profit attributable to the Shareholders decreased by 20.3% to RMB1,839.6 million. Basic earnings per share were RMB1.30. Affected by the continued decrease in property sales in the market, the receivables and profits from the Group's extended value-added service businesses were under pressure, and the profit fell compared to that for the previous year. However, the revenues in respect of the Group's property management services, value-added services to property owners and city services increased by 21.7% for the Year.

As at 31 December 2022, the GFA under management and the contracted GFA of the Group were 545.8 million sq.m. and 731.5 million sq.m. respectively, of which, 56.9 million sq.m. were new GFA under management and 68.4 million sq.m. were new contracted GFA. Third-party property projects accounted for 79.8% of the total contracted GFA.

The Group forged ahead with its core strategy for market-oriented development. Third-party market expansion, therefore, was the main source of management scale growth. Despite such difficulties as the shrinkage of the new housing supply, fierce market competition, the pandemic and weak economic conditions, the Group consolidated its business strengths through its "product branding strategy" and still achieved remarkable results in market expansion by applying flexible, diverse strategies such as "city classification" and "city-specific strategy". The Group made breakthroughs in geographical layout, enriched the property management portfolios, and enhanced project quality. During the Year, its newly-added contracted GFA through third-party expansion reached 60.55 million sq.m. As a result, the Group ranked among the top three property management companies in terms of the newly-added contracted GFA and the contract value generated from third-party property projects. The Group increased the density of its projects in key cities by further developing the existing residential property market as well as the non-residential property market that are less affected by the economic cycle. More than 70% of the new annualised contract value came from the projects in tier-1 and tier-2 cities, and during the Year, over one-third of the Group's newly-obtained residential properties came from existing property projects. In addition, by further enhancing its advantage in providing property management services for public buildings, the Group won tenders for nearly 40 projects with annualised contract value of more than RMB10 million each. The Group continued to reinforce its advantage in providing property management services for public buildings, especially public facilities and venues, large-scaled educational institutions and traffic hubs, etc. It won biddings for property management services to a number of cultural and sports venues, including Xiaoshan Sports Centre for Asian Games Hangzhou, Guangzhou Art Museum, Guangzhou Panyu New Library; to rail transit projects in Chengdu, Kunming and Changzhou, etc., and to educational institutions such as Shantou University and Guangxi Minzu Normal University. The Group actively formed joint ventures or cooperated with state-owned enterprises, including establishing strategic partnerships with China City Industrial Group Co., Ltd.（中城工業集團有限公司）(formerly known as CRRC Urban Traffic Co., Ltd.（中車城市交通有限公司）) and Zhongjiang Real Estate Group under Jiangsu Zhongnong Group. Moreover, the Group also won a number of super large-sized benchmark projects from large enterprises, financial institutions and industrial parks, including CRRC Transport Fenhu Starship Super Factory, CDB Daoxianghu Data Centre, CDB Wuhan, and CGN Shanghai Technology Park. The Group continued to improve its "product branding strategy", which yielded preliminary results in the coordination of its member companies' resources and brand synergy. The Group effectively coordinated resources and offered technical supports through its Market Development Centre, and won over 10 quality property management projects through successful cooperation with its member companies.

The value-added services to property owners are an important driving force of the Group's business diversification and sustainable development. The Group continued its branding and market-oriented approach when specialising the value-added services to property owners in response to their demand by means of business incubation, joint ventures and collaboration, etc. It also extended the business coverage of its value-added services to peripheral communities and property projects. Although some businesses, such as property space operation and childcare, were affected by the pandemic, the Group realised growth in the adverse market conditions thanks to prompt adjustment of its business strategy and pace of business expansion, focused on property owner's needs in their daily life, launched services and products in a timely manner that met the needs, such a community retail, housekeeping and home improvement. During the Year, the Group further integrated its value-added service to institutions and established a joint venture in group catering service, generating strong synergy between its value-added services and its property management services to public buildings. The Group had thereby developed its preliminary capability to expand the group catering business independently.

City services are another important business segment that had resulted from the Group's business diversification in the value chain of the industry. In 2022, property management companies tended to be prudent when it came to the business expansion and integration of the city services, especially in the areas of cash flow management and risk control. During the Year, the Group developed its business with the asset-light model so it paid more attention to cash flow management when conducting investment and business expansion. It also decided to suspend some plans of service projects that required for heavy investment and prolonged cash collection. By strategically targeting quality projects in tier-1 and tier-2 cities, the Group recorded steady growth in the annualised contract value of city service projects, and made a breakthrough in tier-1 and large-sized cities by winning a tender for the provision of city services to Henggang Subdistrict, Longgang District, Shenzhen, with a single project contract value exceeding RMB600 million.

Quality is the lifeblood of a property management company. The quality and reputation of services are vital to the development or even the survival of property management companies amid the intensifying market competition. In the era of a property market dominated by housing inventory, the standardised operation and management efficiency in property management projects are critical to companies' long-term development. In the second half of 2022, the pandemic situation was volatile in China. As a provider of community-based services at primary level, the Group is committed to the corporate vision of "lifelong caring". Thousands of its employees were stationed at the front lines of its property management projects and spared no efforts to protect property owners' life and health, regardless of dangers and hardships. For their dedication and efforts, they won praises widely from local governments and property owners. During the Year, the Group established the Operation and Management Centre, realised efficient planning and management for the operation of all its business units, collectively tracked the progress of its property management projects, and analysed and managed their quality, fee collection, standards, and risk control, etc. and allocated more resources to project level. The Group prioritized the improvement of owners' satisfaction, and pressed on with the "5-Star Campaign" to improve customers' experience with its services, thus enhancing its quality management system. During the Year, the Group carried out the "Sword Showing Campaign" for quality control at nearly 100 key property management projects by conducting management team inspections and interviews to get in-depth understanding of owners' needs and demand, thus practically solving the pain points and difficulties in quality management. The Group optimized its system for standardization by developing the standards for property management for all types of properties and the project classification model. It established over 100 service standards, covering property services for five major business portfolios. In addition, the Group piloted the national-level advanced standard system for residential property management, and many projects under its management were listed as "China's Exemplary Bases of Property Services in 2022", including China Art Museum, Shenzhen Civic Centre and Hainan Agile Clearwater Bay. Due to weakening economy and the pandemic, cash collection at property management projects became more challenging. Therefore, the Group fully reviewed and refined project operation, identified key projects and overcame difficulties through its three-level fee collection mechanism, and made great efforts to improve the cash flow at the property management projects. In post-acquisition management, the Group entered a stage of the deep integration of member companies' business management and operation. Guided by the principles of integration and empowerment, the Group further optimised the management systems of its member companies, and refined the business management by adopting "one strategy for one enterprise" that adapted flexibly to the member companies' development, so as to help them enhance their capabilities and thus support their distinctive and differentiated development.

Property management companies can effectively improve their service efficiency with information technology. This can ensure the standardisation of management and offer smart convenient services for property owners. During the Year, the Group upgraded the integrated information system structure, drove the connection and integration between business units and service scenarios, improved intelligentised operation and management capabilities, thus helping to reduce cost and raise efficiency at operation. The Group continued to build a platform for the whole organisation to share information and resources. For instance, together with DingTalk (China), it built an online platform for communication and collaboration across the Group, covering production operation, market management, contract management, office automation system, resources management and customer service, etc. This effectively raised the Group's efficiency in communication, collaboration and management and its digitalised operation capability among all the member companies and operations within the organization. To build up its smart service capability, the Group strengthened professional service quality and capability through strategic cooperation with leading technology companies. During the Year, the Group and Zhongchang Technology Co., Ltd. （眾暢科技有限公司）established a joint venture company, Yachang Technology (Wuxi) Co., Ltd.（雅暢科技（無錫）有限公司）, to create the Group's smart system for passage and parking, thus enabling the unified management of vehicle traffic in communities. This reduces cost and raises efficiency by increasing both the space utilisation rate and property owners' satisfaction.

Prospect and Strategy

In the past five years, with the aid of capital, the property management industry rapidly evolved from a downstream, subsidiary sector of the real estate industry into a market-oriented, diversified, public service industry that can develop independently. In recent years, macroeconomic control and shrinking demand have ushered in an era of existing property inventory for real estate market. This has a profound impact on the development mode of property management companies. In the course of rapid development, property management companies also faced such problems as excessively fast business expansion, negligence in maintaining service quality and brand building, and intensifying competition in a homogeneous way. In the past five years, the enactment of the Civil Code and the gradual improvement of property management laws and regulations have led to the better regulation and standardization of property management companies' business practices. That the property management companies are refocusing their efforts on the maintenance of both service quality and reputation is key to long-term and sustainable development of property management companies.

2023 marks the 5th anniversary of the listing of the Company. In the past 5 years, the Group grasped the window of the industry's consolidation by improving its service capability rapidly, realizing exponential growth in the scale of management, extending the scope of its business in the value chain of the industry. With the concerted efforts of all the staff, the Group has become a leading, market-oriented property management company with diversified businesses. To cope with the new situation and new challenges in the industry, the Group will focus on the major tasks that can be summed up as "brand enhancement, steady development, enhancing competence, facilitating integration". It will adhere to its original aspiration to ensure service quality, continue to improve operational efficiency, keep the leading market expansion capability, and continue to extend its scope of business in the value chain of the industry by specialization and with a market-oriented approach so as to tap the potential of value-added services to property owners.

Adherence to a market-oriented business strategy is key to the Group's rapid development and maintenance of its leading position in the industry. Although the macroeconomic control measures have been relaxed and the real estate industry is in slowly recovery, it takes time for both the supply and demand sides to recover. Furthermore, the real estate industry is not able to have high asset turnover ratio and rapid growth nowadays. Property management companies must have differentiated strengths to stand out in the market of existing properties. The Group will continue to refine its "product branding" strategy and make a slight adjustment to the priorities in its business expansion according to market trends. It will also continue to further develop the markets of key cities through the strategy of "city classification" and comprehensively improve the level of professionalism of its products and both the market penetration and efficiency of its services. The Group mainly focuses on its services to public buildings, corporations, and the existing properties in tier-1 and tier-2 cities, and will further improve its brand's competitiveness. In the post-pandemic era, the pent-up demand for property management services in some key cities and non-cyclical industries is expected to be released in 2023. To gear up for the opportunities, the Group has already conducted a comprehensive analysis of the market. It will give full play to its diverse product lines, collaborate with its member companies which have geographical and resource advantages such as their existing services to various types of properties, broaden flexibly the sources of projects through more channels, and maintain its industry-leading capability to expand market by actively participating in the mixed ownership reform of state-owned enterprises and in-depth strategic cooperation with other corporations.

The core competitiveness of property management companies lies in service quality, so the industry has to refocus itself on its original aspiration to serve people and render good service. The Group has established a property owner-oriented, value creation-centered philosophy of service and business operation. It is committed to offering property owners quality and value-added services. In 2023, the Group's first priority is to ensure property owners' and customers' satisfaction in all of its work. Therefore it will continue to enhance property owners' experience and satisfaction with its services by implementing a 3-level quality control mechanism. It will use information technology and diverse means to supervise the operation. The Group will improve its management mode, wisely allocate resources, consolidate its basic capability to operate property management projects, and practically solve the problems in the front line of the services. Currently, the Group has more than 4,500 property management projects. If without a standardised management system, the Group can hardly ensure the uniformity of quality and services. The Group will push forward with its project classification in order to allocate resources according to its product and service differentiation and thus refine its management. This will enable the Group ensure the quality of the business operation along continuous scale growth. It will further focus on such performance indicators as the fee collection rate and cash flow and improve the efficiency of management. In addition, the Group will continue to build up its information technology platform which allows the whole organisation to share information and resources throughout the entire business process, a platform for technology-enabled operation and a platform for smart city. The three platforms will enable the Group to use information technology to fully improve the efficiency of communication, collaboration and management within the whole organization as well as its digitalised operation capability and business innovation capability.

In terms of business diversification, the Group will actively analyse the demand for service, adhere to the asset-light business model for development, make the principal business of property management service a platform on which it extends the scope of specialised, market-oriented value-added service for communities, corporations and public buildings. When the pandemic was volatile and the disease control measures were in place, both the operation and expansion of some value-added services were affected to a certain extent. Therefore, the Group will concentrate its resources on the development of businesses which are less affected by the economic cycle and can expect a faster recovery in demand. It will flexibly adjust its modes of cooperation and operation, optimise the supply chain, and adopt asset-light business model to develop product types which have huge potential for development but only require low input. In the future, the Group will also continue focusing on living and comprehensive services that can make property owners' life better and more convenient, including housekeeping, community retail. It will also focus on value-added services targeted at corporations and governments, including group catering and energy-saving transformation. The increasingly market-oriented city service will present more opportunities after the pandemic subsides so the Group will continue to leverage its advantages of rich experience and resources in its services to public buildings by seeking for suitable projects in high-tier cities while keeping a balance between the pace of development and operational risk.

China has optimised the COVID-19 pandemic control policies as the disease has been brought under control. Production of the society and people's life are returning to normal gradually. As a result, the year of 2023 has started off with expectations that can be summed up as "relaxation of control measures, recovery, stable growth". The Group will adhere to its original aspiration, prosper together with the industry, serve every property owner and every city with dedication, align its development with the well-being of community and environment, save resources, protect the environment, and build our green home together. "The road to success is uneven and long, but every step taken counts towards the goal." Although the industry is very competitive and challenging, the Group is fully confident about its the long-term development of the property management industry. We believe that, with the joint efforts of all business units and the whole staff, we will be able to overcome the difficulties, provide better services for property owners, and create greater value for the society, shareholders and employees.

Acknowledgement

On behalf of the board (the "Board") of directors (the "Directors") of the Company, we would like to extend our heartfelt gratitude to the enormous support from our Shareholders and customers, as well as the dedicated efforts of our staff members, which contributed to the growth of the Group.

Chan Cheuk Hung/Huang Fengchao
Co-Chairman of the Board

Hong Kong, 28 March 2023

Business Review

In 2022, affected by various factors such as recurrent outbreaks of the COVID-19 pandemic and profound adjustments in the real estate market, the domestic macroeconomy faced multiple downward pressures and the operating environment of property management companies was full of challenges. Despite the complex and ever-changing macro environment, as an indispensable part of people's living services, the government has vigorously guided market forces to develop service industries such as community childcare, and encouraged the development of living service industries such as community property management, maintenance, housekeeping, retail, etc. At the same time, the industry has focused on improving service quality and constantly expanding the scope of services so that the whole industry is moving steadily in the direction of high quality, diversification and intelligence.

During the Year, the Group proactively responded to the operational challenges, continuously enhanced its professional service capabilities and improved its service quality, and strived to enhance the refined operation capabilities of value-added services to continuously enrich its product and service offerings. Against the backdrop of reduced property supply, the Group fully exploited its market expansion capabilities and maintained its leading position in the industry, with good performance in third-party expansion in various regions and different business portfolios.

During the Year, the revenue of the Group amounted to RMB15,378.6 million, representing an increase of 9.2% as compared with RMB14,080.1 million in 2021. Profit attributable to the shareholders of the Company amounted to RMB1,839.6 million, representing a decrease of 20.3% as compared with RMB2,308.5 million in 2021. As at 31 December 2022, the GFA under management and contracted GFA of the Group reached 545.8 million sq.m. and 731.5 million sq.m., respectively.

The Group also received numerous recognitions from society and the industry. The Group's overall industry ranking was improved to third among the "2022 Top 100 Property Management Companies in China", and ranked first and second in the "2022 Top 100 Property Management Companies in terms of Operating Results in China" and " Listed Property Management Companies in terms of Comprehensive Capabilities in China" respectively.

Financial Review

Revenue

The Group's revenue was derived from four major business lines: (i) property management services; (ii) property owners value-added services; (iii) city services; and (iv) extended value-added services.

For the year ended 31 December 2022, the Group's revenue amounted to RMB15,378.6 million (2021: RMB14,080.1 million), representing an increase of 9.2% as compared with that of the last year.

Among which, for the year ended 31 December 2022, revenue from property management services, property owners value-added services and city services businesses of the Group totalled RMB13,663.9 million, representing a year-on-year increase of 21.7%, and accounted for 88.9% of the Group's total revenue.

	For the year ended 31 December				
	2022	**Percentage of revenue**	2021	Percentage of revenue	**Growth rate**
	(RMB million)	*%*	*(RMB million)*	*%*	*%*
Property management	**10,029.2**	**65.2%**	8,658.4	61.5%	15.8%
– Residential property projects	**4,172.0**	**27.1%**	3,667.6	26.1%	13.8%
– Non-residential property projects	**5,857.2**	**38.1%**	4,990.8	35.4%	17.4%
Property owners value-added services	**2,320.0**	**15.1%**	1,866.6	13.2%	24.3%
City services	**1,314.7**	**8.6%**	698.1	5.0%	88.3%
Subtotal:	**13,663.9**	**88.9%**	11,223.1	79.7%	21.7%
Extended value-added services	**1,714.7**	**11.1%**	2,857.0	20.3%	-40.0%
– Sales centre property management services	**769.0**	**5.0%**	1,232.6	8.8%	-37.6%
– Other extended value-added services	**945.7**	**6.1%**	1,624.4	11.5%	-41.8%
Total	**15,378.6**	**100.0%**	14,080.1	100.0%	9.2%

Property management services

Property management services, which include security, cleaning, greening, gardening, repair and maintenance, etc., are the main source of revenue of the Group.

During the Year, revenue from property management services amounted to RMB10,029.2 million (2021: RMB8,658.4 million), representing an increase of 15.8% as compared with that of the last year. Among which, revenue from residential property projects amounted to RMB4,172.0 million (2021: RMB3,667.6 million), representing an increase of 13.8% as compared with that of the last year; revenue from non-residential property projects amounted to RMB5,857.2 million (2021: RMB4,990.8 million), representing an increase of 17.4% as compared with that of the last year.

The breakdown of the Group's total GFA under management

As at 31 December 2022, the Group's total GFA under management was 545.8 million sq.m., representing an increase of 56.9 million sq.m. or a growth rate of 11.6% as compared with 488.9 million sq.m. as at 31 December 2021. Among which, the GFA under management from third-party projects was approximately 452.9 million sq.m., accounting for more than 83.0% of the total GFA under management. Third-party projects accounted for the majority of the GFA of the Group. The GFA under management from Agile Group and Greenland Holdings Group Company Limited（綠地控股集團股份有限公司）("Greenland Holdings") was approximately 92.9 million sq.m.. During the Year, the newly increased GFA under management converted from third-party expansion projects was approximately 42.5 million sq.m..

The project portfolio for GFA under management

The Group has established balanced and diversified business portfolio layout with first-mover advantage in niche markets including residential property, public buildings and commercial and office buildings, etc. As at 31 December 2022, for the GFA under management of the Group, the proportion of residential property business portfolio accounted for 43.6% (as at 31 December 2021, 42.5%) and the proportion of non-residential property business portfolio accounted for 56.4% (as at 31 December 2021, 57.5%) (public buildings accounting for 44.4%, commercial buildings and others accounting for 12.0%).

The geographic coverage for GFA under management

During the Year, the Group's projects under management reached 4,532 in 223 cities, covering 31 provinces, municipalities and autonomous regions nationwide.

As at 31 December 2022, of the Group's GFA under management by regions, 33.8% was located in the Yangtze River Delta Region, 19.6% was located in the Guangdong-Hong Kong-Macao Greater Bay Area, 9.4% was located in the Shandong peninsula city cluster, 7.6% was located in the Chengdu-Chongqing city cluster, while the remaining spread across other regions in the PRC.

The charging mode

The revenue from property management services of the Group was mainly based on a lump sum contract basis, which accounted for 99.8% during the Year (2021: 99.7%) of revenue from property management services. The lump sum contract basis the Group primarily adopted is conducive to improving service quality and operational efficiency.

The breakdown of the Group's total contracted GFA

The contracted GFA, which is defined by the Group as areas agreed in the contracts signed with property developers or property owners for providing property management services, includes delivered and to-be-delivered GFA, and the to-be-delivered contracted (reserved) GFA that will become the Group's GFA under management and enlarge the source of the Group's revenue in the future.

As at 31 December 2022, the contracted GFA reached 731.5 million sq.m., representing an increase of 68.4 million sq.m. or a growth rate of 10.3% as compared with 663.1 million sq.m. as at 31 December 2021. Among which, the contracted GFA from third-party projects was approximately 583.5 million sq.m., accounting for more than 79.8% of the total contracted GFA. The contracted GFA from Agile Group and Greenland Holdings was approximately 148.0 million sq.m.. During the Year, benefiting from the balanced and strong third-party expansion capabilities, the Group obtained new contracted GFA of 60.6 million sq.m. through market expansion, which demonstrated the Group's steady endogenous growth momentum.

Property owners value-added services

Property owners value-added services mainly include living and comprehensive services, home improvement services, community space and other services, and value-added services to institutions and enterprises, which focus on improving the work and living experience of property owners and residents at the properties under management and preserving and increasing the value of their properties.

During the Year, the recurrence of the COVID-19 pandemic had a profound impact on residents' lives, families and communities. Service consumption continued to be impacted and the value-added services faced great challenges. Despite the challenging macro environment, the Group proactively responded to the call of policy, continued to focus on the home-living service industry, adhered to the professional development strategy, and continuously improved its diversified value-added service capabilities based on the needs of property owners. At the same time, the Group built a new business incubation platform and entered into joint ventures (JVs) and cooperation in a number of fields throughout the year, thereby preliminarily establishing its presence in the core scenarios of the value-added services business. During the Year, the revenue from property owners value-added services amounted to RMB2,320.0 million, representing an increase of 24.3% as compared with RMB1,866.6 million in 2021, and accounting for approximately 15.1% of the total revenue.

(1) Living and comprehensive services include property maintenance, housekeeping, courtyard gardening, community group buying, express delivery, tourism, community second-hand leasing & sales and comprehensive consulting services, etc.

During the Year, the Group continued to develop living services such as housekeeping, retail, maintenance and childcare. In response to the challenges posed by the pandemic, the Group flexibly adjusted the product structure of the housekeeping business and shifted the focus to promoting high-margin monthly subscription products, implementing the B2C model, actively carrying out omni-channel marketing as well as optimizing and upgrading the informatization system to improve customer experience. The housekeeping business has bucked the trend and exceeded RMB150 million in the top-up amount. In terms of retail business, the Group established a retail platform with Tianfu Juqing Group（天府聚擎集團）through JV and also formed a JV with its supplier of fresh produce to consolidate the upstream and downstream of supply chain and enhance the closed-loop retail business. In 2022, the transaction amount of the Group's retail business was approximately RMB200 million. In terms of maintenance business, the Group established a JV with Zhuomuniao（啄木鳥）, a leading brand in the home maintenance industry, to create a professional maintenance brand "Lexiangxiu"（樂享修）, which provides maintenance services to both public areas and households in communities. Although the outbreak of the epidemic has impacted on the childcare service business, policies have continued to encourage the development of the childcare sector. During the Year, the Group entered into cooperation with Haogugu（好姑姑）, a leading childcare brand in Eastern China, and continued to improve the integration of operational teams and refine its products to maintain a robust business operation.

During the Year, revenue from living and comprehensive services amounted to approximately RMB1,152.9 million, representing an increase of 35.5% as compared with RMB850.6 million in 2021, and accounted for approximately 49.7% of revenue from property owners value-added services.

(2) Home improvement services primarily include decoration, turnkey furnishing and community renewal services, etc. During the Year, the Group established "H-smart House", a JV in home improvement services, and achieved rapid growth in market-oriented turnkey furnishing business. Revenue from home improvement services amounted to approximately RMB348.1 million, representing an increase of 43.4% as compared with RMB242.7 million in 2021, and accounted for approximately 15.0% of revenue from property owners value-added service.

(3) Community space operation and other services primarily include club house operation services, property operation services, community-based advertising operation, parking lot management services and community asset operation, etc. During the Year, the Group revitalized the community space resources, actively developed charging pile business by entering into a number of strategic cooperation in this field. Revenue from space operation and other services amounted to approximately RMB514.0 million, representing an increase of 12.8% as compared with RMB455.6 million in 2021, and accounted for approximately 22.2% of the revenue from property owners value-added services.

(4) Value-added services to institutions and enterprises include featured value-added services for public buildings such as catering, commuting services and material procurement services, as well as featured value-added services for commercial and office buildings such as customized services for enterprises, conferencing services, as well as centralized procurement and retailing for enterprises, etc. During the Year, revenue from value-added service to institutions and enterprises amounted to approximately RMB305.0 million, representing a decrease of 4.0% as compared with RMB317.7 million in 2021, and accounted for approximately 13.1% of revenue from property owners value-added services.

During the Year, the growth in property owners value-added services was mainly due to the flexible adjustment of business strategies, the in-depth development of living service scenarios in asset-light model, and the income growth from turnkey furnishing and community retail businesses.

City services

City services mainly include street cleaning and maintenance, domestic refuse collection and transportation, refuse classification, landscaping and gardening maintenance, municipal facility maintenance, urban space operation, community coordination and governance, smart city management solutions, etc. Currently, the Group's city service projects are mainly divided into single project contracting model and integrated sanitation services, etc.

The city services business of the Group focuses on the exploration of comprehensive services, including urban space management, urban resource operation, community coordination and governance, and the construction of smart city service systems, with the aim of building a comprehensive city service system covering developed cities, emerging urban and townships, thus establishing a leading all-scenario smart city service platform. During the Year, the Group actively engaged in market expansion, and obtained a city steward project in Henggang Street, Longgang District with an annualized contract value of over RMB100 million, as well as many large integrated urban-rural sanitation projects.

During the Year, revenue from city services reached RMB1,314.7 million, representing an increase of 88.3% as compared with RMB698.1 million in 2021, and accounting for approximately 8.6% of the total revenue of the Group.

Extended value-added services

Extended value-added services primarily include sales centre property management services and other extended value-added services for property developers.

During the Year, the Group recorded revenue from extended value-added services of RMB1,714.7 million (2021: RMB2,857.0 million), representing a decrease of 40.0% from last year, and accounting for approximately 11.1% of the total revenue, including:

(1) Sales centre property management services (accounting for 44.8% of the revenue from the extended value-added services): the revenue for the Year amounted to RMB769.0 million, representing a decrease of 37.6% as compared with RMB1,232.6 million in 2021. The decrease of revenue from sales centre property management services was primarily due to the slow recovery of real estate development and sales and the limited supply of incremental market, and the corresponding decrease in demand for sales centre services.

(2) Other extended value-added services (accounting for 55.2% of the revenue from the extended value-added services): include property agency services and housing inspection services, etc. The revenue for the Year amounted to RMB945.7 million, representing a decrease of 41.8% as compared with RMB1,624.4 million in 2021, mainly due to the decrease in the provision of agency services as a result of the decline in real estate sales.

Cost of sales

The Group's cost of sales primarily consists of employee salaries and benefit expenses, cleaning expenses, security charges, maintenance costs, utilities, greening and gardening expenses, cost of consumables, depreciation and amortisation charges and others.

During the Year, the Group's cost of sales was RMB11,994.6 million (2021: RMB10,211.3 million), representing an increase of 17.5% year on year, which was primarily due to the increase in relevant costs in response to an increase in revenue and business diversification which was in line with the rapid development of the Group's businesses. Overall, the Group's growth of the cost of sales was higher than that of revenue, primarily because of the adjustment of revenue structure and the significant decrease in the proportion of extended value-added services with higher gross profit margin.

Gross profit and gross profit margin

	For the year ended 31 December				
	2022		2021		
	Gross profit *(RMB million)*	**Gross profit margin %**	Gross profit *(RMB million)*	Gross profit margin *%*	**Growth rate** *%*
Property management services	**1,918.7**	**19.1%**	1,741.9	20.1%	10.1%
Property owners value-added services	**794.3**	**34.2%**	852.7	45.7%	-6.8%
City services	**253.3**	**19.3%**	154.0	22.1%	64.5%
Subtotal:	**2,966.3**	**21.7%**	2,748.6	24.5%	7.9%
Extended value-added services	**417.7**	**24.4%**	1,120.1	39.2%	-62.7%
Total	**3,384.0**	**22.0%**	3,868.7	27.5%	-12.5%

During the Year, the Group's gross profit amounted to RMB3,384.0 million, representing a decreased of 12.5% as compared with RMB3,868.7 million in 2021. Gross profit margin decreased by 5.5 percentage points to 22.0% from 27.5% in 2021.

Excluding the impact from extended value-added service businesses, the total gross profit of property management services, property owners value-added services and city services was RMB2,966.3 million, representing a year-on-year increase of 7.9% as compared with RMB2,748.6 million in 2021; the gross profit proportion increased to 87.7% from 71.0% in 2021; the overall gross profit margin was 21.7%, representing a year-on-year decrease of 2.8 percentage points.

– The gross profit margin in respect of property management services was 19.1% (2021: 20.1%), representing a decrease of 1.0 percentage point as compared with 2021, which was mainly due to (1) the increase in the amortization cost of intangible assets – contract and customer relationship arising from M&A; (2) the increase in costs due to the active improvement of project quality. Excluding the effect of amortization of intangible assets due to the M&A, the gross profit was RMB2,073.9 million and the gross profit margin was 20.7%.

– The gross profit margin in respect of property owners value-added services was 34.2% (2021: 45.7%), representing a decrease of 11.5 percentage points as compared with 2021, which was mainly attributable to (1) the recurrent outbreak of the pandemic that affected the development and promotion of certain businesses; (2) changes in cost structure caused by active engagement in emerging business segments, changes in business model, and some businesses in development stage with low gross profit margin.

- The gross profit margin in respect of city services was 19.3% (2021: 22.1%), representing a decrease of 2.8 percentage point as compared with 2021, which was mainly attributable to (1) the increased investment in improving the service quality of frontline staff in response to the pandemic; (2) substantial initial investment for projects from market expansion.

- The gross profit margin in respect of extended value-added services was 24.4% (2021: 39.2%), representing a decrease of 14.8 percentage points as compared with 2021, which was mainly attributable to the increase in cost cause by the decrease in demand for developer services and the improvement in quality requirements as affected by the macro environment.

Selling and marketing expenses

During the Year, the Group's selling and marketing expenses amounted to RMB93.4 million (2021: RMB141.6 million), accounting for 0.6% of the revenue, a decrease of 0.4 percentage point as compared with last year, which was mainly attributable to the decrease in marketing activities as affected by the pandemic.

Administrative expenses

During the Year, the Group's administrative expenses amounted to RMB851.7 million, representing an increase of 9.5% as compared with RMB778.1 million in 2021, and accounting for 5.5% of the revenue, which remained stable.

Net impairment losses on financial assets

During the Year, the Group's net impairment losses on financial assets amounted to RMB465.6 million (2021: RMB160.2 million), representing an increase of 190.7% as compared with last year, which was mainly due to the increase in impairment provision of trade and other receivables caused by increased credit risk of several customers, acquisition deposits and loans to third parties.

Other income

During the Year, other income of the Group amounted to RMB232.2 million (2021: RMB178.1 million), representing an increase of 30.4% as compared with last year, which was mainly due to the increase in interest income and government grants.

Income tax

During the Year, the Group's income tax expense was RMB517.0 million (2021: RMB510.0 million). The income tax rate was 21.1% (2021: 16.6%). The income tax rate for the Year represented a year-on-year increase of 4.5 percentage points, which was primarily because there were more preferential tax policies in the same period of 2021.

Profit

During the Year, the Group's net profit was RMB1,934.9 million, representing a decrease of 24.6% as compared with RMB2,565.6 million in 2021, which was mainly attributable to the adjustment of business structure and the increase in the proportion of market-oriented business; the active development of innovative business and some businesses in development stage with low gross profit margin; the increase in provision for impairment losses of financial assets and labour costs. Net profit margin was 12.6%, representing a decrease of 5.6 percentage points as compared with 18.2% in 2021. Excluding the effect of the amortization of intangible assets and depreciation of appraisal appreciation of fixed assets due to the M&A, the net profit margin was 13.6%. Profit attributable to the Shareholders for the year was RMB1,839.6 million, representing a decrease of 20.3% as compared with RMB2,308.5 million in last year. Basic earnings per share were RMB1.30, decrease by 22.2% as compared with last year.

	For the year ended 31 December				
	2022		2021		
	Net profit ***(RMB million)***	**Net profit margin** ***%***	Net profit *(RMB million)*	Net profit margin *%*	**Growth rate of net profit** *%*
Property management services	**979.8**	**9.8%**	1,022.9	11.8%	-4.2%
Property owners value-added services	**478.4**	**20.6%**	616.5	33.0%	-22.4%
City services	**157.8**	**12.0%**	94.1	13.5%	67.7%
Subtotal:	**1,616.0**	**11.8%**	1,733.5	15.4%	-6.8%
Extended value-added services	**318.9**	**18.6%**	832.1	29.1%	-61.7%
Total	**1,934.9**	**12.6%**	2,565.6	18.2%	-24.6%

Excluding the impact from extended value-added service businesses, net profit from property management services, property owners value-added services and city services was RMB1,616.0 million, representing a year-on-year decrease of 6.8% as compared with RMB1,733.5 million in 2021, an increase accounting for the total profit from 67.6% in 2021 to 83.5%. The profit structure was further optimized. The net profit margin of these businesses was 11.8%, representing a year-on-year decrease of 3.6 percentage points.

- The net profit margin in respect of property management services was 9.8% (2021: 11.8%), representing a decrease of 2.0 percentage point as compared with that of 2021, which was mainly attributable to the delay in cash collation process and the increase in net impairment losses on financial assets under the impact of the pandemic and macro-economy.

- The net profit margin in respect of property owners value-added services was 20.6% (2021: 33.0%), representing a decrease of 12.4 percentage points as compared with that of 2021, which was mainly attributable to the fact that the innovative business is in the development stage, and there is investment demand in the early stage of team building and business pilot.

- The net profit margin in respect of city services was 12.0% (2021: 13.5%), representing a decrease of 1.5 percentage points as compared with that of 2021, which was mainly attributable to the increase in net impairment losses on financial assets as a result of the increase in project settlement cycle under the impact of the pandemic and macro-economy.

- The net profit margin in respect of extended value-added services was 18.6% (2021: 29.1%), representing a decrease of 10.5 percentage points as compared with that of 2021, which was mainly attributable to the decrease in the scale of value-added services to developers as a result of the decrease in demand for developer services and the Group's active adjustment of business structure and the increase in impairment losses on financial assets caused by the increase in settlement cycle.

Current assets, reserve and capital structure

During the Year, the Group maintained a sound financial position. As at 31 December 2022, current assets amounted to RMB15,300.9 million, representing an increase of 14.1% from RMB13,411.0 million as at 31 December 2021. As at 31 December 2022, cash and cash equivalents of the Group amounted to RMB3,799.3 million, representing a decrease of 13.5% from RMB4,390.5 million as at 31 December 2021. As at 31 December 2022, the Group's cash and cash equivalents were mainly held in Renminbi and Hong Kong dollars.

As at 31 December 2022, the Group's total equity was RMB14,124.6 million, representing an increase of RMB1,213.7 million or 9.4% as compared with RMB12,910.9 million as at 31 December 2021, which was primarily due to the profit contribution achieved and dividend declaration during the year.

Property, plant and equipment

The Group's property, plant and equipment mainly comprise buildings, office equipment, machinery equipment and other fixed assets. As at 31 December 2022, the net value of the Group's property, plant and equipment amounted to RMB602.5 million, representing an increase of 18.9% as compared with RMB506.8 million as at 31 December 2021, which was primarily derived from the asset procurement involved in city service business.

Other intangible assets

As at 31 December 2022, the net book value of other intangible assets of the Group was RMB1,372.2 million, representing an increase of 1.6% as compared with RMB1,350.7 million as at 31 December 2021. Intangible assets of the Group mainly included (i) RMB63.3 million from the trademark value of acquired companies; (ii) RMB1,824.1 million generated from customer relationship and backlogs attributable to acquired companies; (iii) the software developed and purchased by the Group; and (iv) partially offset by amortisation of trademarks, customer relationships and software. Trademarks, customer relationship and software had a specific validity period and were carried at cost less accumulated amortisation.

Goodwill

As at 31 December 2022, the Group recorded goodwill of RMB3,314.9 million, representing an increase of 6.1% as compared with RMB3,123.2 million as at 31 December 2021. The increase of goodwill during the Year was mainly derived from new M&A business. The goodwill was primarily derived from the expected future business developments of the acquired companies, expansion of market coverage, diversification of service portfolio, integration of value-added services and improvement of management efficiency.

There was no significant goodwill impairment risk as at 31 December 2022.

Financial assets at fair value through profit or loss ("FVPL")

As at 31 December 2022, the Group's financial assets at FVPL amounted to RMB1,046.8 million, representing an increase of 97.4% as compared with RMB530.3 million as at 31 December 2021, which was mainly due to the Group's purchase of several financial assets to increase the return on its fund.

Trade and other receivables and prepayments

As at 31 December 2022, trade and other receivables and prepayments (including current and non-current portions) amounted to RMB10,715.6 million, representing an increase of 96.4% from RMB5,456.3 million as at 31 December 2021. Among which, trade receivables amounted to RMB6,929.3 million, representing an increase of 75.5% as compared with RMB3,947.9 million as at 31 December 2021, which was mainly due to the delay in overall collection as affected by the cyclical nature of the real estate industry. Other receivables amounted to RMB3,885.4 million, representing an increase of 190.5% from RMB1,337.5 million as at 31 December 2021, which was mainly due to the increase in the balance of receivables from third parties, deposits and project cooperation intention funds in response to the business needs of the Group.

Trade and other payables

As at 31 December 2022, trade and other payables (including current and non-current portions) amounted to RMB6,028.8 million, representing an increase of 24.5% as compared with RMB4,843.2 million as at 31 December 2021, which was primarily attributable to the increase in the cost of materials procurement and labour outsourcing and energy consumption due to the expansion of the Group's business.

Borrowings

As at 31 December 2022, the Group had long-term borrowings of RMB17.3 million, among which 5.6 million will be repayable within one year. The Group also had short-term borrowings of RMB87.5 million with a term of less than one year.

Gearing ratio

The gearing ratio is calculated as total borrowings divided by total equity, which is the sum of long-term and short-term interest-bearing bank loans and other loans as at the corresponding date divided by the total equity as at the same date. As at 31 December 2022, the gearing ratio was 0.7%.

Current and deferred income tax liabilities

As at 31 December 2022, the current income tax liabilities of the Group amounted to RMB561.4 million, representing an increase of 2.6% as compared with RMB547.2 million as at 31 December 2021, which was mainly because of a year-on-year increase in income tax rates during the year. Deferred income tax liabilities decrease to RMB325.5 million from RMB351.1 million as at 31 December 2021, which was primarily attributable to temporary differences arising from the appreciation of asset valuation of newly acquired subsidiaries.

Placing of new H shares under general mandate

On 28 May 2021, the Company and Citigroup Global Markets Limited (as a placing agent) entered into a placing agreement, pursuant to which the Company agreed to appoint the placing agent, and the placing agent agreed to act as the agent of the Company, to procure, on a fully-underwritten basis, placees for an aggregate of 86,666,800 new H shares of the Company ("H Shares") (the "Placing Shares") at a placing price of HK$37.60 per H Share (the "Placing"). Based on a nominal value of RMB1.00 per Placing Share, the Placing Shares have an aggregate nominal value of RMB86,666,800.

The Placing Shares have been placed by the placing agent to not less than six placees, who/which are professional, institutional and/or other investors procured by the placing agent. To the best knowledge and reasonable belief of the Company, these placees and their ultimate beneficial owners are independent of and not connected with the Company and connected persons of the Company, and none of such placees have become a substantial Shareholder of the Company immediately upon completion of the Placing.

The placing price is HK$37.60 per H Share and represents: (i) a discount of approximately 6.58% to the closing rice of HK$40.25 per H Share as quoted on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") on 27 May 2021, being the last trading day for the H Shares prior to the signing of the relevant placing agreement (the "Last Trading Day"); (ii) a discount of approximately 1.34% to the average closing price of HK$38.11 per H Share as quoted on the Hong Kong Stock Exchange for the last five (5) consecutive trading days prior to and including the Last Trading Day; and (iii) a premium of approximately 2.20% over the average closing price of HK$36.79 per H Share as quoted on the Hong Kong Stock Exchange for the last ten (10) consecutive trading days prior to and including the Last Trading Day.

The gross proceeds and net proceeds received by the Company from the Placing, after deducting related fees and expenses, were approximately HK$3,259 million and approximately HK$3,242 million respectively, representing a net issue price of approximately HK$37.40 per Placing Share. The net proceeds from the Placing were planned to be used for replenishment of working capital and general corporate purposes of the Company. For details, please refer to the Company's announcement dated 28 May 2021.

As disclosed in the annual report of the Company for the year ended 31 December 2021, approximately HK$28 million of the net proceeds from the Placing, which were used for replenishment of working capital and general corporate purposes of the Company, remained unused. During the Year, the net proceeds from the Placing have been fully utilised as planned and there was no material change between the planned use and actual use of net proceeds from the Placing.

Pledge of assets

As at 31 December 2022, the long-term bank loans and other borrowings amounting to RMB15.3 million and short-term bank loans amounting to RMB51.2 million were secured by certain property, plant and equipment of the Group. Details of the Group's pledge of assets as at 31 December 2022 are set out in note 15 to the consolidated financial statements.

Significant investment held, material acquisitions and disposals of subsidiaries, associates and joint ventures

There was no significant investment held, no material acquisitions or disposals of subsidiaries, associates and joint ventures by the Group.

Fulfillment of performance target in relation to the acquisition of Harbin Jingyang

Reference is made to the announcements of the Company dated 23 January 2019 and 26 February 2019 (the "HJ Announcements") in relation to the acquisition of an aggregate of 60% equity interest in Harbin Jingyang Property Management Co., Ltd.*（哈爾濱景陽物業管理有限公司）("Harbin Jingyang"). According to the audited financial statements of Harbin Jingyang, the performance target for the year ended 31 December 2021, as set out in the HJ Announcements, has been fulfilled and no compensation has been deducted from the consideration.

Contingent liabilities

As at 31 December 2022, the Group had no significant contingent liabilities.

Key risk factors and uncertainties

The following content lists out the key risks and uncertainties confronted by the Group. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas outlined below.

Industry risk

The Group's operations are subject to the economy of the PRC and changes in the macro environment of the real estate industry, as well as the regulatory environment and measures affecting the property management industry in the PRC. In particular, the Group's business performance primarily depends on the total contracted and revenue bearing GFA, level of fees and the number of properties the Group manages, but the Group's business growth is, and will likely continue to be, subject to factors of macro development of the industry and the upstream industries.

Business risk

The Group's ability to maintain or improve the current level of profitability depends on the Group's ability to control operating costs (including labour costs), and the Group's profit margins and results of operations may be adversely affected by the increase in labour or other operating costs; should the Group be unable to procure new property management service contracts or renew existing management service contracts as planned or at desirable pace or price, the Group's revenue may also be adversely affected; should the Group be unable to collect property management fees from customers on time, it may incur impairment losses on receivables; the above may also affect the assessment and impairment risk of goodwill, the performance of operating cash flows and adversely affect the Group's financial position and results of operations.

Foreign exchange risk

The Group's businesses were principally located in the PRC. Except for bank deposits and financial assets at FVPL denominated in HK$ and US$, the Group was not subject to any other material risk directly relating to foreign exchange fluctuations. The management will continue to monitor the foreign exchange exposure, take prudent measures and develop hedging strategy as appropriate to reduce foreign exchange risks.

Employees and remuneration policies

As at 31 December 2022, the Group had 95,102 employees (31 December 2021: 87,603). Total staff costs amounted to RMB5,917.5 million, representing an increase of 12.3% as compared with RMB5,267.4 million in 2021. The increase in staff costs was mainly due to (i) the increase brought by the acquired companies; (ii) the increased demand for high-quality talents in response to the requirements of the Group's business development.

The compensation plan of the Group is determined with reference to the market levels as well as employees' performance and contributions. Bonuses are also distributed based on the performance of employees. The Group also provides employees with a comprehensive benefit package and career development opportunities, including retirement schemes, medical benefits, and both internal and external training programs appropriate to the employees' needs.

Apart from taking into account the advice from the remuneration and appraisal committee of the Board and the market levels, the Company also considers the competency, contributions and the responsibilities towards the Company in determining the level of remuneration for the Directors. Appropriate benefit schemes are in place for the Directors.

Subsequent events

Continuing connected transactions

On 13 February 2023, the Company entered into five supplemental agreements with Agile Holdings to amend and supplement the payment terms under each of the (i) turnkey furnishing services framework agreement; (ii) advertising and public relations services framework agreement; (iii) pre-delivery inspection services framework agreement; (iv) technology services framework agreement; and (v) consultation services framework agreement dated 23 September 2020 entered into between the Company and Agile Holdings, respectively.

Adhering to the corporate mission of "lifelong caring for you, heartwarming service to city", the Group has been improving service quality standards and property owners' satisfaction. The Group has formed a business layout covering various business portfolios and the whole industry chain, providing property management services, property owners value-added services, city services and extended value-added services.

Focusing on non-cyclical businesses and adhering to a market-oriented development strategy, the Group continuously extended its industrial chain layout with innovative approaches, enhanced its brand reputation and consolidated its leading edge in property management scale and innovatively explored opportunities of diversification in industry chain of property owners value-added services and city services during the Year, so as to strive to become a preeminent quality service provider in China.

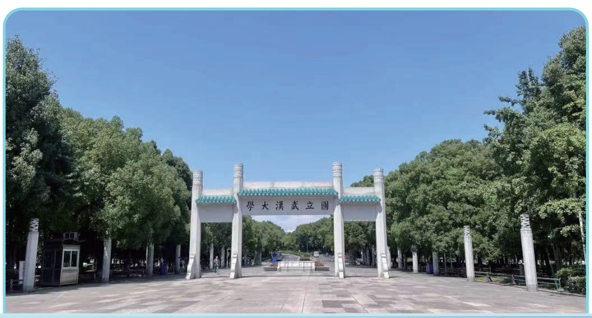
Multiple projects selected as national demonstration benchmark

Shenzhen Civic Centre

China Art Museum

Agile Clearwater Bay

Agile Center

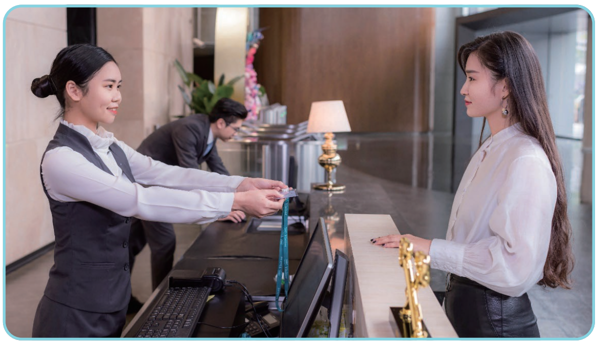


Wuhan University

Business segments

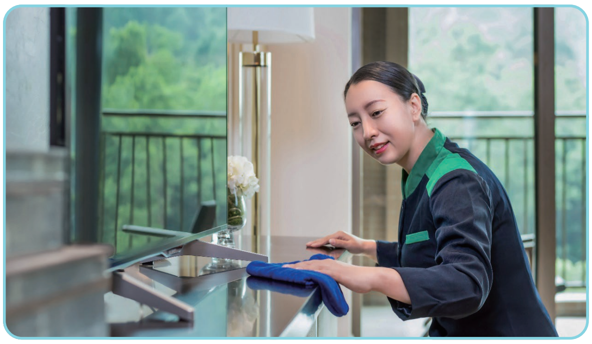
Property management services

Property management services include security, cleaning, greening, gardening, repair and maintenance, etc. Property management service is one of the Group's core business segments and a major source of income.



Property owners value-added services

Property owners value-added services mainly include living and comprehensive services, home improvement services, community space and other services, and value-added services to institutions and enterprises, which focus on improving the work and living experience of property owners and residents at the properties under management and preserving and increasing the value of their properties.



City services

City services mainly include street cleaning and maintenance, domestic refuse collection and transportation, refuse classification, landscaping and gardening maintenance, municipal facility maintenance, urban space operation, community coordination and governance, smart city management solutions, etc.

Extended value-added services

Extended value-added services primarily include sales centre property management services and other extended value-added services for property developers.

Investor Relations

The Group attaches great importance to maintaining effective communication with shareholders, and is dedicated to establishing a professional, open and efficient communication mechanism for investor relations. By upholding the principles of truthfulness, accuracy, completeness, timeliness and fairness, the Group disseminates information such as operating results, business development as well as other compliance disclosures to the capital market in accordance with the rules and regulations for listed companies, so as to help investors understand its business performance and strategies.

The Group has established effective and interactive relationships with capital market on a regular and comprehensive basis through diversified communication channels. The Group held the annual general meeting, organised annual and interim results investor presentations, and continued to maintain communication with the capital market and the public through participation in roadshow meetings and investor summits, as well as posting press releases via the Group's WeChat official account and other media channels.

At the same time, the Group is committed to improving corporate transparency, disclosing information on the Group's development in a timely manner and strengthening the completeness and readability of disclosure files and communication materials based on the needs of the capital market. During the Year, the Group published announcements, circulars and other documents on significant matters as well as interim and annual reports in accordance with the Listing Rules (which are available in the "Investor Relations" section of the Company's website), and voluntarily disclosed non-financial or non-sensitive information about the Group's business operations and developments in the form of Quarterly Newsletter in the third quarter, such as market expansion, business update, investment and business cooperation, etc.

In addition, the Group's Investor Relations Department continuously improves the two-way communication mechanism between internal and external parties, actively communicates with the management and various business units internally, regularly reports the important information such as major concerns, opinions and suggestions from shareholders and investors to the Board and the management, so as to help the Group to understand and respond to the communication demands of the capital market in a timely manner.

In the future, the Group will continue to proceed investor relations work with professionalism, efficiency and compliance, enhancing the public's understanding of, recognition on and trust in the Company. The Group believes that an effective, stable and diversified communication mechanism will help the capital market fully understand the investment value of the Company. The Company will continue to disseminate its corporate culture, business philosophy, development strategies and other development information to the market in a timely manner in compliance with the rules and regulations of listed companies, so as to continuously enhance investor relations and create value for shareholders.

2021 Annual Results Investor Presentation

2022 Interim Results Investor Presentation

Environmental, Social and Governance Performance

As a comprehensive property management service provider, the Group actively provides property owners and customers with quality services that are suitable for living and working. The Group to creating a happy living environment for every city and every individual, and striving to contribute to the realization of “people’s aspirations for a better life”. While continuously enhancing its commercial value, the Group always regards the creation of social and environmental values as its own responsibility and mission, and strives for the common development of the Group and the society. To this end, the Group actively integrates Environmental, Social and Governance (ESG) issues into all aspects of its business and operations, and continues to improve ESG management and monitor the progress of ESG practices, so as to bring the long-term value for stakeholders, and to contribute to the sustainable development of society and the country.

Protecting the Environment Diligently at All Times

The Group continues to optimize the environmental management system, strictly abides by the national and local laws and regulations on environmental protection, and implements the environmental management policies to mitigate the potential environmental impact of production and operation. In 2022, the Group continues to strengthen a standardized environmental management system. A number of projects have received the certifications of ISO14001:2015 for environmental management system and ISO50001 for energy management system.

The Group advocates the concept of green operation and facilitates the construction of green cities. Focusing on the environmental goals set for energy conservation and emission reduction, water saving and waste reduction, the Group has urged each of its regional offices and projects to strictly implement measures, including promoting the use of clean energy, implementation of energy consumption management platform and adoption of water-saving appliances etc. With these practical efforts, the Group could better fulfill the aforementioned goals and philosophy. Meanwhile, the Group’s city services business segment provides services including refuse collection and transportation, marine sanitation, river ecological restoration, municipal integration, and integrated solutions for smart city urban sanitation service, contributing to the quality improvement of the sanitation and hygiene, and the environmental management in multiple scenarios in cities.

In 2022, the Group further strengthens the information management related to climate change disclosed the climate-related risks and strategy, explained the impact of climate change risks identified and countermeasures, following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Such initiatives reflected the Group’s determination to mitigate the impact of climate change and to seize the opportunity of green and low-carbon transformation, as well as its response to the China national goal of “achieving carbon peaking before 2030 and carbon neutrality before 2060”.

Compliant Management and Performing Duties with Integrity

The Group is committed to carrying out efficient ESG governance to ensure that ESG issues are fully monitored and implemented. Furthermore, the Group continues to improve the system and mechanism of integrity and internal audit to ensure sound corporate development.

The Group has established a sustainable development governance system led by the Board of Directors. It sets a sound risk management structure and mechanism, incorporating ESG risks into its comprehensive risk management and internal control system. Under the leadership of the Board, the Risk Management Committee closely cooperates with its Sustainable Development Supervision Team to implement the Group's ESG issues in an orderly manner.

The Group attaches great importance to developing an integrity system. The Group timely identifies and investigates violations of integrity through strict implementation of an integrity system, mechanism for disciplinary violation reporting and whistleblower protection, implementation of internal control and regular audit procedures, so as to ensure the corporate compliant operations with high standards of integrity. In addition, the Group conducts integrity education activities for all employees and Directors at daily work. Through regular anti-corruption training, the Group strengthens employees' awareness of compliance with laws and regulations and integrity, thereby creating an atmosphere of incorruptibility and integrity.

Adhering to Craftsmanship and Improving Services

The Group adheres to the mission of "lifelong caring for you, heartwarming service to city", insists on building a comprehensive standardized service system and continuously provides professional and high-quality services. Meanwhile, it keeps exploring the integration of technology and business innovation to further promote smart community and smart city services, to provide a superior living and service experience for property owners and clients.

In 2022, the Group continued to expand its industrial chain coverage, to enhance its market expansion capability and to consolidate its first-mover advantages in business portfolios such as residential properties, public buildings and commercial and office buildings. It actively diversified value-added services for property owners, continuously enriched value-added services portfolio, innovated and upgraded business model to improve the diversity and convenience of the life of property owners. The Group also further developed its city services segment and improved the market expansion and service capabilities through on the integrated sanitation business system and innovative service system and standards.

During the Year, to optimize the service standards of residential properties, the Group continued stays on the track in service quality improvement and construction of standardization system, enhanced residential property management standard, strengthened professional training for front-line employees and initiated specialized quality enhancement programs such as "5-Star Campaign"(“五分行動”)and "Sword Action"(“亮劍行動”). In addition, the Group made full use of various information technologies such as the Internet of Things (IoT), Artificial Intelligence (AI) and big data to drive the digitization of service and management. The digital tools such as the production and operation management systems have been put into operation of a number of projects under management, to effectively support the quality control of property management services and the efficient supervision of the overall operation.

Moreover, the Group actively promotes community building and creates a happiness-sharing living space for property owners. It deeply explored the renovation of elderly-friendly communities by increase the facilities such as elderly canteens, elderly activity centers and chess rooms in the communities, building communities with "care for and happiness of the elderly". In addition, the Group has been actively building a lively community environment in its projects and organized a total of 5,339 community activities during the Year, which greatly facilitated interaction and communication among neighborhoods and created a harmonious and warm community atmosphere. The Group has been highly recognized by property owners for its high-quality and attentive services. In 2022, the Group received more than 2,000 suggestions or praise from the customers.

Caring for Employees with Sincerity

The Group always values its employees and practices its philosophy of "putting people first" and has continued to create a good working environment through protecting employees' rights and interests, organizing trainings for development, ensuring health and safety, and providing welfare and care for its employees.

The Group attaches great importance to talent cultivation, adheres to the core concept of "Lifelong Learning, Pursuit of Excellence", and continues to improve the training system covering all employees. During the Year, the A-Living Institute upgraded its system and proposed a Five-year Construction Plan serving the Group's strategy, which aims to optimize the allocation and integration of various training resources. Meanwhile, the Group maintained the focus on three major training segments of "Talent Development", "Professional Empowerment", and "Learning, Research, Culture and Publicity", improved the training system, and carried out a series of training activities to provide employees with sufficient room for growth. In addition, in terms of occupational health and safety, the Group has established a three-tier safety management structure consisting of the Group level, regional office level and project companies, and has taken measures to ensure the health and safety of all employees, such as supervision of safety objectives and indicators, and safety and health training.

The Group continues to build a diverse and inclusive employee culture, and has established various communication channels to listen to the voices of employees. During the Year, the Group proposed the guidance of "Zero Distance Communication: Guidelines on Two-way Communication Channel for A-Living's Employees（《溝通零距離：雅生活員工雙向溝通渠道指南》）, conducted employee satisfaction surveys to integrate employees' needs into the Group's business development. In addition, the Group launched a series of "LOHAS Workplace"（"樂活職場"）employee caring activities with more than 300 activities held throughout the year, attracting over 15,000 participants, greatly promoting the interaction and communication among employees and creating a harmonious workplace.

Faithful Cooperation to Achieve Win-win Results

The Group focuses on establishing stable and long-term supplier relationships and has been actively building a sustainable supply chain. The Group standardizes the whole-process management of suppliers in terms of introduction assessment, comprehensive assessment and dynamic management. Apart from securing the service quality of suppliers, the Group strengthens the risk management and control on suppliers in terms of ESG with focuses on safety management, business ethics and environmental protection qualifications, so as to build a stable and long-term cooperation relationship and promote mutual benefit and win-win result.

Under the development guidance of "strengthening capabilities and focusing on integration", the Group places high importance to the integration and post-acquisition empowerment of its member companies, strengthening the information exchange, resource sharing, organizational integration and management synergy, so as to improve quality and efficiency for their development in all aspects. In 2022, the Group continued to improve the management system of its member companies, promoted synergies of and empowerment on them in internal management, finance, human resource, information technology, service quality, supplier management, etc.

Always Maintaining Enthusiasm and Giving Back to Society

The Group actively carries out and implements the normalized control measures of the epidemic, and encourages employees and property owners to actively participate in activities such as public welfare and charity, volunteer services and community construction, aiming to promote the positive interaction between the enterprise and society as well as the harmonious development of society.

In 2022, in accordance with the requirements of the national and local governments on epidemic prevention and control, each project of the Group engaged in various practical actions, including establishing an emergency response team for epidemic prevention and control, formulating relevant guidelines for the Group's COVID-19 prevention and control, standardizing the procedures for handling emergencies and abnormal situations, and providing anti-epidemic supplies for communities. The Group has completed more than 7,000 nucleic acid tests and over 30,000 disinfections to protect the safety of property owners.

The Group organized volunteer activities such as visiting veterans and "Safeguarding Beautiful Coastline", which demonstrates the Group's sense of responsibility, spreading good faith to the society, and promoting the harmonious coexistence of human and nature.

The Group is committed to the long-term improvement of ESG standards, strictly complies with the information disclosure requirements of the Hong Kong Stock Exchange, and will publish a separate ESG report in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Listing Rules to provide a full picture of its ESG management performance for the year 2022.

Community elderly-friendly renovation

Various cultural activities in communities

Integrity oath taking by all senior management

Talent development training for project managers

Seminar on human resources administration system for member companies

Caring for veterans

Mr. Chan Cheuk Hung（陳卓雄）, aged 65, has been re-designated as an executive Director and co-chairman of the Board with effect from 31 May 2018. Prior to such, he was a non-executive Director since 21 July 2017. He has been the co-chairman of the Board since 27 August 2017 and is a member of the risk management committee of the Board. Mr. Chan is responsible for the formulation of development strategies and provision of guidance for the overall development of the Group. He has been an executive director of Agile Holdings (stock code of Hong Kong Stock Exchange: 3383), since August 2005. Mr. Chan is an executive director and vice president of Agile Holdings and is mainly responsible for providing guidance for the overall operation of Agile Holdings. Mr. Chan is also a director of certain subsidiaries of the Company. Mr. Chan has over 30 years of experience in real estate development and related businesses.

Mr. Chan received various awards including pioneer worker（先進工作者）for the year of 1998 by Zhongshan Individual Workers Association（中山市個體勞動者協會）and Zhongshan Private Enterprise Association（中山市私營企業協會）and the Outstanding Contribution Award for Community Development（小區建設突出貢獻獎）in the Evaluation of the National Representative Well-off Residential Community（國家小康住宅示範小區評比）by the Ministry of Construction of the PRC（中華人民共和國國家建設部）in 2000. Mr. Chan also served as an executive director of the second council of Zhongshan Private Enterprise Association（中山市私營企業協會第二屆理事會）and the fourth council of the Zhongshan Individual Workers Association（中山市個體勞動者協會第四屆理事會）in 1999, and a director and executive director of Guangdong Real Estate Association（廣東省房地產業協會）in 2004.

Mr. Huang Fengchao（黃奉潮）, aged 60, has served as an executive Director and the chairman of the Board of the Company since 21 July 2017, and has been the co-chairman of the Board since 27 August 2017. He is also the chairman of the nomination committee and the risk management committee of the Board, and a member of the remuneration and appraisal committee. Mr. Huang performed the duties of the president (general manager) and chief executive officer of the Company from 9 November 2018, and was officially appointed on 28 May 2019 and later resigned on 21 July 2020. Mr. Huang is also a director of certain subsidiaries of the Company. He is responsible for formulating the overall strategic development strategies and policies of the Group and monitoring their implementation. Mr. Huang has over 23 years of experience in real estate development and property management. Mr. Huang joined Agile Holdings in October 1999 and has successively served as a general manager of Zhongshan Agile Real Estate Development Co., Ltd.（中山市雅居樂房地產開發有限公司）, head of the real estate management center of Agile Holdings and general manager of Guangzhou Nanhu Agile Real Estate Development Co., Ltd.（廣州南湖雅居樂房地產開發有限公司）and Guangzhou Huadu Agile Real Estate Development Co., Ltd.（廣州花都雅居樂房地產開發有限公司）. Mr. Huang has been the vice president of Agile Holdings since January 2005 and has been responsible for the development of real estate projects across the country and property management. Mr. Huang has also served as president of the Hainan and Yunnan regions since 2008 and in charge of the tourism real estate development management. Mr. Huang has been serving as an executive director and vice president of Agile Holdings since March 2014.

Mr. Huang graduated from Guangdong Petroleum School（廣東石油學校）(now known as Guangdong University of Petrochemical Technology（廣東石油化工學院）) in the PRC in July 1983 majoring in turbine management.

Mr. Li Dalong（李大龍）, aged 38, has been an executive Director, the president (general manager) and chief executive officer of the Company since 21 July 2020. He is also a member of each of the remuneration and appraisal committee, the nomination committee and the risk management committee of the Board. He was the chief financial officer from August 2016 to July 2020, the joint company secretary from August 2017 to July 2020, and the executive vice president from November 2019 to May 2020. He is responsible for overall strategic decisions, business planning and major operational decisions of the Group. Mr. Li is also a director of certain subsidiaries of the Company. He has over 18 years of experience in operations, finance, investment and capital markets.

Mr. Li has profound management experience as well as solid industry knowledge. Since the listing of the Group, he has been assisting the Board in formulating and implementing development strategies and highly enhanced the recognition of the Group in the industry and capital markets. Mr. Li has executed Group's strategy of industry consolidation and led the team completing several quality acquisitions including the acquisitions of A-Living Futurelife Property Management Services Limited（雅生活未來物業管理服務有限公司）(formerly known as CMIG Futurelife Property Management Limited（中民未來物業服務有限公司）and Minrui Property Management (Shanghai) Co., Ltd.（民瑞物業服務（上海）有限公司), to enhance the Group's business portfolio layout and to establish the leading advantages.

Prior to joining the Group, from November 2013 to June 2016, Mr. Li was a senior manager of the capital market department at PricewaterhouseCoopers (Hong Kong), an accounting firm, where he primarily provided a series of professional services in connection with capital markets transactions. From August 2005 to November 2013, Mr. Li successively served as auditor, senior auditor, manager and senior manager at PricewaterhouseCoopers Zhongtian LLP (Shanghai), an accounting firm.

Mr. Li is a member of the Chinese Institute of Certified Public Accountants in the PRC. He obtained his bachelor's degree in literature in July 2005, and second bachelor's degree in administration management in June 2005, from Shanghai Jiao Tong University（上海交通大學）.

Mr. Wei Xianzhong（魏憲忠）, aged 59, has served as a non-executive Director of the Company since 21 August 2017 and is responsible for provision of the guidance for the overall development of the Group.

Mr. Wei served as an engineer at Xi'an Design and Research Institute of the Ministry of Coal Industry（煤炭工業部西安設計研究院）, a company primarily engaged in coal mine survey, mining area construction, and project planning and design, where he was responsible for project budget and accounting, and technical and economic analysis from August 1985 to February 1993. He successively served as office manager, manager of business department and assistant general manager at Shanghai Jiaxin Real Estate Development Company（上海佳信房地產開發公司）, a real estate development company, where he was responsible for project marketing and company administration from February 1993 to December 2001. Mr. Wei served as sales director at Shanghai Zhongjian Real Estate (Group) Co., Ltd.（上海中建房產（集團）有限公司）, a real estate development company, where he was responsible for project marketing from January 2002 to December 2002. Since February 2003, Mr. Wei has successively served as marketing director and deputy general manager of business division, and general manager of marketing management department at Greenland Holdings Group Company Limited（綠地控股集團股份有限公司）("Greenland Holdings"), where he was responsible for project marketing.

Mr. Wei obtained his bachelor's degree in coal mine management engineering from China Mining Institute（中國礦業學院）(now known as China University of Mining and Technology（中國礦業大學））in the PRC in July 1985.

Mr. Wei was awarded as a meritorious character for the "20th anniversary of Greenland Holdings"（綠地20年功勳人物）by Greenland Holdings.

Ms. Yue Yuan（岳元）, aged 47, has served as a non-executive Director of the Company since 28 May 2019. She is the vice president of Agile Group and its property group and an assistant to chairman of the Agile Group. Ms. Yue joined the Agile Group in 2006. She is mainly responsible for the management of the affairs of chairman office, the operation centre, cost procurement centre and human resources and administration centre of the Agile Group. Ms. Yue holds a Bachelor of Engineering degree from Lanzhou Jiaotong University（蘭州交通大學）(formerly known as Lanzhou Railway University（蘭州鐵道學院）) and a Master of Science degree in Construction Project Management from the University of Hong Kong. She is a PRC intermediate economist, a PRC registered budgeting engineer and a member of the Royal Institution of Chartered Surveyors.

Mr. Wan Kam To（尹錦滔）, MH, aged 70, has served as an independent non-executive Director of the Company since 21 August 2017. He is also the chairman of the audit committee of the Board, a member of each of the remuneration and appraisal committee, the nomination committee and the risk management committee of the Board. Mr. Wan is a former partner of PricewaterhouseCoopers with extensive experience in auditing and financial management.

Mr. Wan currently serves as an independent non-executive director of China Resources Land Limited (stock code of Hong Kong Stock Exchange: 1109), Fairwood Holdings Limited (stock code of Hong Kong Stock Exchange: 52), KFM Kingdom Holdings Limited (stock code of Hong Kong Stock Exchange: 3816) and Haitong International Securities Group Limited (stock code of Hong Kong Stock Exchange: 665).

Mr. Wan served as an independent non-executive director of Kerry Logistics Network Limited (stock code of Hong Kong Stock Exchange: 636) from November 2013 to May 2019, an independent non-executive director of Huaneng Renewables Corporation Ltd. (stock code of Hong Kong Stock Exchange: 958) from August 2010 to June 2019, an independent non-executive director of Shanghai Pharmaceuticals Holding Co., Ltd (stock code of Hong Kong Stock Exchange: 2607; stock code of Shanghai Stock Exchange: 601607) from June 2013 to June 2019, an independent non-executive director of Harbin Bank Co., Ltd. (stock code of Hong Kong Stock Exchange: 6138) from October 2013 to October 2019; an independent non-executive director of Target Insurance (Holdings) Limited (stock code of Hong Kong Stock Exchange: 6161) from November 2014 to August 2021; and an independent director of China World Trade Center Co. Ltd (stock code of Shanghai Stock Exchange: 600007) from November 2016 to November 2022.

Mr. Wan is a fellow member of Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Hong Kong Institute of Directors. He has been appointed as the non-executive director of the Accounting & Financial Reporting Council with effect from 1 October 2019.

Mr. Wan graduated from the accountancy department of Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) with a higher diploma in 1975. He was conferred the degree of Doctor of Social Sciences by the Hong Kong Metropolitan University in 2022.

Mr. Weng Guoqiang（翁國強）, aged 62, has served as an independent non-executive Director of the Company since 21 January 2022. He is also the chairman of the remuneration and appraisal committee, a member of each of the audit committee and the nomination committee of the Board. He has extensive experience in the property management industry in Shanghai for over 23 years. He had served as a general manager of Shanghai Lujiazui Property Management Co., Ltd.（上海陸家嘴物業管理有限公司）from October 1999 to May 2008 and as a general manager of Wuxi Dongzhou Property Management Company Limited（無錫東洲物業管理有限公司）from May 2008 to December 2009. Since January 2010, Mr. Weng has taken up the positions of general manager and subsequently executive director in Shanghai Tonglai Property Management Company Limited（上海同涞物業管理有限公司）.

Mr. Weng currently serves as an independent non-executive director of Riverine China Holdings Limited (the shares of which are listed on the Hong Kong Stock Exchange (stock code: 1417)) since November 2017.

Mr. Weng was the vice president of China Property Management Institute（中國物業管理協會）from 2002 to September 2014. Since October 2014, he has been the senior consultant of China Property Management Institute. Since 1999, Mr. Weng has been the vice president of Shanghai Property Management Industry Institute（上海市物業管理行業協會）(during the period between 2016 and 2017 served as the chairman of Shanghai Property Management Industry Institute).

Mr. Weng graduated with a Bachelor degree in Applied Mathematics from the Tongji University in the PRC in July 1982 and a Master degree in Public Administration from the University of Macau in Macau in September 2003.

Mr. Weng was accredited as a National Vocational Qualification Level 2 Vocational Management Professional（國家職業資格二級職業經理人）in May 2003 and a Level 1 Senior Vocational Management Professional（一級高級職業經理人）in September 2004 by the Shanghai Vocational Skill Testing Authority（上海市職業技能鑒定中心）. Mr. Weng was also accredited as a Certified Property Manager by the Personnel Department of Shanghai（上海市人事局）in October 2006 and an Advanced Economist（高級經濟師）by the Personnel Department of Jiangsu Province（江蘇省人事廳）in September 2009.

Mr. Li Jiahe（黎家河）, aged 62, has served as an independent non-executive Director of the Company since 3 March 2023. He is also a member of each of the audit committee, the remuneration and appraisal committee, the nomination committee and the risk management committee of the Board. He has over 19 years of experience in property management related work. He had served as a manager of the finance department of Poly Development and Holdings Group Co., Ltd.（保利發展控股集團股份有限公司）(a company listed on Shanghai Stock Exchange under the stock code: 600048) ("Poly Holdings") from March 1993 to April 2000 and as a manager of the human resources department of Poly Holdings from September 2002 to January 2005. Mr. Li had served as a deputy general manager of Poly Property Services Co., Ltd.（保利物業服務股份有限公司）(formerly known as Poly Property Development Co., Ltd.（保利物業發展股份有限公司）) (a company listed on the Hong Kong Stock Exchange under the stock code: 6049) ("Poly Property") from May 2000 to August 2002, and as a general manager, a director and the chairman of Poly Property successively from January 2005 to April 2019. From May 2019 to August 2020, Mr. Li had served as an executive director and a member of the remuneration committee of Poly Property.

Mr. Li obtained a certificate of completion of corporate management (finance and investments) from Sun Yat-sen Business School（中山大學管理學院）in September 2004. Mr. Li was qualified as a property management manager in December 2005.

Biographies of Supervisors

Mr. Liu Jianrong（劉劍榮）, aged 43, has served as a Supervisor and the president of the Supervisory Committee since 21 July 2020. He has been the general manager of the internal audit department of the Company since May 2018. Mr. Liu joined Agile Holdings in September 2015 as a senior manager of the internal audit department.

Prior to joining Agile Holdings, from July 2002 to September 2015, Mr. Liu served as an officer and a first-level police officer (deputy section-level) of the Tangxia police station in Tianhe District of Guangzhou Municipal Public Security Bureau.

Mr. Liu obtained the legal professional qualification certificate from the Ministry of Justice of the PRC. He obtained his bachelor's degree in international economic law in June 2002 from Nanjing University（南京大學）.

Ms. Huang Zhixia（黃智霞）, aged 40, has served as a Supervisor since 21 July 2017. She has been the administrative manager of the Company since April 2015 and is responsible for administration. Ms. Huang has over 17 years of experience in administration. Ms. Huang joined Agile Holdings in June 2004 as an administrative manager and was responsible for administration and management of Agile Holdings.

Ms. Huang graduated from Guangdong AIB Polytechnic College（廣東農工商職業技術學院）in the PRC with a major in e-commerce in June 2003 and graduated from Sun Yat-sen University（中山大學）in the PRC with major of business management through online education in July 2013.

Mr. Shi Zhengyu（施征宇）, aged 50, has served as a Supervisor since 21 July 2017. Mr. Shi held various positions in Agricultural Bank of China from July 1995 to May 2017, where he last served as a general manager of real estate finance department of the Shanghai branch and was responsible for overall business development and planning, and market expansion of real estate sector. Since June 2017, he has been a deputy general manager and person in charge of finance at Greenland Financial Overseas Investment Group Co., Ltd.（綠地金融海外投資集團有限公司）, where he is responsible for corporate accounting management, financial management and supervision, establishment of internal control and major financial affair supervision.

Mr. Shi obtained his master's degree in applied economics from Xi'an Jiaotong University（西安交通大學）in the PRC in June 2005.

Mr. Wang Gonghu（王功虎）, aged 48, has served as a Supervisor since 21 July 2020. He is currently president of CMIG Futurelife Holdings Group Company Limited（中民未來控股集團有限公司）, the chairman of Suzhou Yangtze New Materials Co., Ltd.（蘇州揚子江新型材料股份有限公司）(stock code of Shenzhen Stock Exchange: 002652), and the chairman of Binnan Ecological Environment Group Co., Ltd.（濱南生態環境集團股份有限公司）. He worked as a financial manager of Beijing Founder Electronics Co., Ltd.（北京北大方正電子有限公司）, a financial director of Shanghai Hinge Software Co., Ltd.（上海和勤軟件技術有限公司）, a deputy general manager of Copious Zhenjiang Fertilizer Co., Ltd.（科比斯鎮江肥業有限公司）and a financial director of Shanghai QST Corporation（上海矽睿科技有限公司）.

Mr. Wang is a senior accountant and a member of the Chinese Institute of Certified Public Accountants in the PRC.

Mr. Wang obtained his bachelor's degree in economics and management from Nanjing University in 2002 and his master's degree in accounting from Shanghai University of Finance and Economics in 2010.

Mr. Wang Shao（王韶）, aged 51, has served as a Supervisor since 21 August 2017.

Mr. Wang has been serving Guangdong Real Estate Association（廣東省房地產行業協會）since October 1994, and is currently the president where he is responsible for its overall management, including strategic planning, public relations and presiding the council meeting. Since June 2003, he has also served various positions in Southern Real Estate Magazine（南方房地產雜誌社）, an affiliate to Guangdong Real Estate Association, where he is currently the president and is responsible for its overall management, including planning, management by objectives and communications and cooperations.

Mr. Wang currently serves as an independent non-executive director of Aoyuan Healthy Life Group Company Limited (stock code of Hong Kong Stock Exchange: 3662).

Mr. Wang graduated from Sun Yat-sen University（中山大學）in the PRC majoring in real estate brokerage and management in June 1994, and his bachelor's degree in administration management from the same university in July 1999.

Mr. Wang is currently a director of China Real Estate Association（中國房地產業協會）.

Mr. Feng Xin（馮欣）, aged 51, has been the vice president of the Group since January 2017. From July 2017 to July 2020, Mr. Feng served as an executive Director of the Company and was responsible for assisting the chief executive officer of the Company with business planning, overall management of property management and business development of the Group. Mr. Feng is also a director of certain subsidiaries of the Company. Mr. Feng has over 30 years of experience in property management. Mr. Feng joined the Company as the property manager in Nanhai project in June 2002 and was promoted to deputy director of Foshan region in March 2008, managing director of South China region in March 2012, and general manager of property management center in April 2015.

Prior to joining the Group, from February 1993 to April 1995, Mr. Feng was a director of Guangzhou World Trade Center Complex Property Management Co., Ltd.（廣州世界貿易中心大廈物業管理有限公司）, which is under Pearl River Property Hotel Management Co., Ltd.（珠江物業酒店管理有限公司）, a company primarily engaged in hotel and property management. In May 1995, he was promoted to manager of one of the subsidiaries of Pearl River Property Hotel Management Co., Ltd. and was responsible for the management and operations of commercial properties. In April 1997, Mr. Feng was further promoted to deputy general manager of outsourcing projects and was responsible for the overall management of outsourcing projects.

Mr. Feng graduated from Jinan University（暨南大學）in the PRC majoring in Chinese language and literature in July 1992 and graduated from Beijing International University（北京外事研修學院）majoring in English in the PRC in July 2007.

Mr. Feng was elected as an elite representative in March 2016 and as an elite in the property management industry in September 2016 by Guangdong Property Management Industry Institute（廣東省物業管理行業協會）. Since July 2019, Mr. Feng has been the deputy secretary general of the standardization working committee at China Property Management Institute（中國物業管理協會）. He was awarded the "Top 100 Property Managers in China"（中國物業經理人100強）in December 2019 and the Leading Figure of the Guangzhou Property Management Industry Association（廣州市物業管理行業協會「領軍人物」）in August 2020. He obtained the China Certification & Accreditation Association's service certification in general knowledge training examiner certificate（服務認證審查員通用知識培訓合格證書）in December 2019. Mr. Feng was awarded the 25th Anniversary Leader of the Guangzhou Property Management Industry Association（廣州市物業管理行業協會成立25周年領軍人物）in 2021, and the 40th Anniversary Meritorious Person of the Guangdong Property Management Industry Development（廣東省物業管理行業發展四十周年功勳人物）in October 2021.

Ms. Zhao Yu（趙昱）, aged 43, joined Agile Holdings since February 2007 and served as the vice general manager of Agile's city company in Xi'an. From 2013 to June 2020, she was the vice president of Agile Holdings in Western China Region. Since July 2020, Ms. Zhao Yu has been re-designated as the vice president of the Group and is responsible for assisting the chief executive officer of the Group with strategic management of the Group, and in charge of the business of city services, human resources and administration and brand management of the Group.

Ms. Zhao Yu obtained the certificate of human resources manager (national qualification class 1) of the PRC and bachelor's degree in business administration from Xi'an University of Technology.

Mr. Wang Tao（王韜）, aged 39, has been the vice president of the Group and the president of the community commercial service company since 1 July 2022. He is in charge of the investment management centre and responsible for coordinating the development of community commercial service business, investment business and post-investment management of the Group. He served as the vice president of the public service company of the Group from October 2020 to December 2020, the general manager of the board secretary office from January 2021 to September 2021, the president of the community commercial service company from October 2021 to December 2021, and the assistant to the president of the Group and the president of the community commercial service company from January 2022 to June 2022.

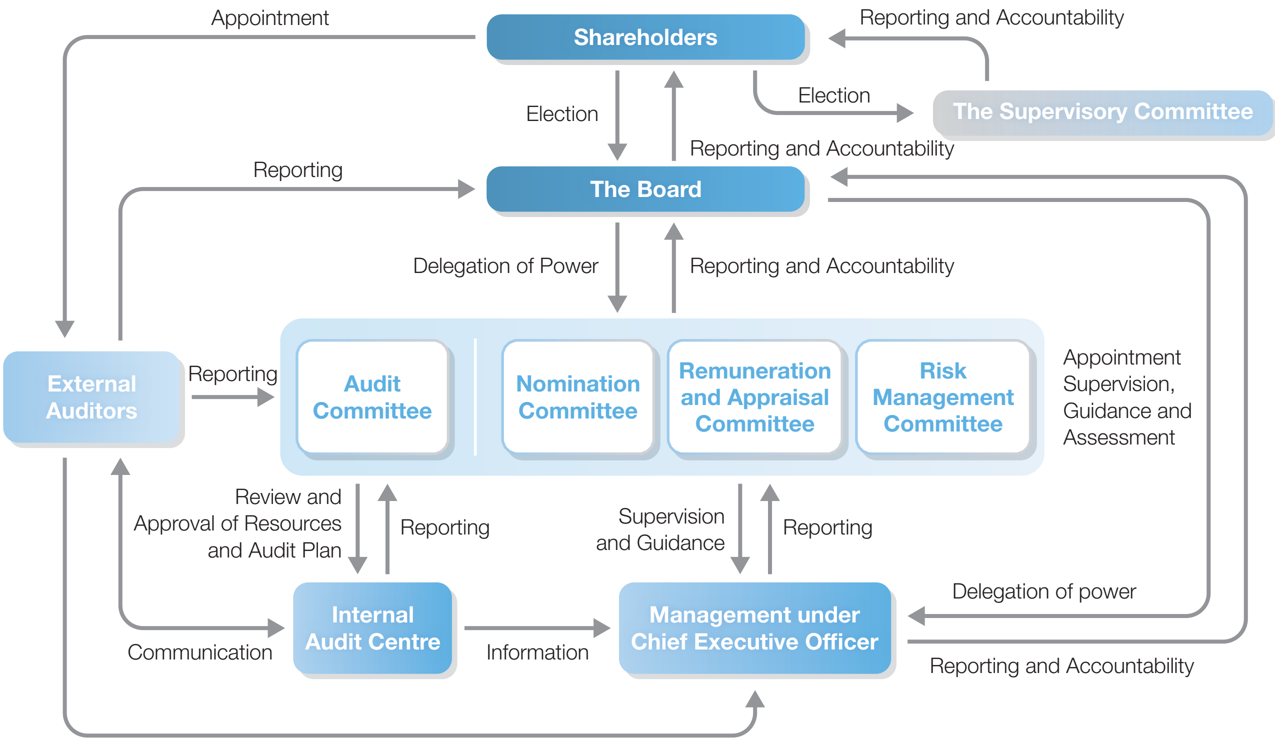
Mr. Wang has over 17 years of experience in finance, investment, post-investment management and capital markets, and has led and completed several mergers and acquisitions, IPO and capital market transactions. Before joining the Group, he was a partner of Gongqingcheng Dongxing Zhiming Investment Management Partnership (Limited Partnership)（共青城東興智銘投資管理合夥企業（有限合夥））from October 2016 to September 2020, a vice president in investment of China Everbright Investment Co., Ltd. from October 2015 to September 2016. He was a senior manager of the capital market department at PricewaterhouseCoopers (Hong Kong) from October 2013 to February 2015 and successively served as auditor, senior auditor, manager and senior manager at PricewaterhouseCoopers Zhongtian LLP from August 2006 to September 2015.

Mr. Wang is a member of the Chinese Institute of Certified Public Accountants in the PRC. He obtained his bachelor's degree in management and statistics (second bachelor's degree) from Peking University in July 2006.

Mr. Huang Jiayi（黃嘉毅）, aged 41, joined the Group in June 2022 as the Chief Financial Officer and has been the joint company secretary since November 2022. He is responsible for the capital markets, accounting and financial management and company secretarial affairs of the Group. Prior to joining the Group, from September 2004 to January 2010, Mr. Huang successively served as auditor, senior auditor and audit manager at PricewaterhouseCoopers Zhongtian LLP (Shanghai). From January 2010 to November 2013, he successively served as finance manager, senior finance manager and district financial director of Shimao Group Holdings Limited (formerly known as Shimao Property Holdings Limited) (a company listed on the Hong Kong Stock Exchange under the stock code: 813). From November 2013 to June 2019, he successively served as group financial director and group financial deputy manager of Shanghai Yuanxing Huanyu Real Estate Group（上海遠星寰宇房地產集團）(formerly known as Red Star Macalline Real Estate Group（紅星美凱龍房地產集團）) and the chief financial officer of Red Star Aegean Business Group（紅星愛琴海商業集團）. From July 2019 to June 2022, he served as the chief financial officer of Shanghai Zhidi Group（上海智杕控股集團）.

Mr. Huang is a member of the Chinese Institute of Certified Public Accountants in the PRC. He obtained his bachelor's degree in finance in 2004 from Shanghai Jiao Tong University（上海交通大學）and completed the Wharton&E-House (China) Real Estate Executive Program at the Wharton School of University of Pennsylvania in 2018.

Corporate Governance Structure



The board of directors (the "Board") of A-Living Smart City Services Co., Ltd. (the "Company", together with its subsidiaries, the "Group") believes that good governance is essential for sustainable development and growth of the Company, enhancement of credibility as well as value of shareholders of the Company (the "Shareholders"). As such, the Board has adopted and reviewed corporate governance practices in light of the regulatory requirements and the needs of the Company. The Company is committed to maintaining a high level of corporate governance and adheres to the principles of integrity, transparency, accountability and independence.

The Board plays a major role in the supervision of corporate governance to ensure that the Company maintains a sound governance framework and the long-term sustainable Shareholders' value.

Compliance with CG Code

The Company fully complied with the principles and code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Part 2 of Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the year ended 31 December 2022.

The Board and Management

The Board takes Shareholders' interests as its priority in promoting and maintaining successful development of business so as to achieve consistent long-term financial returns, while taking due account of the interests of those with whom the Group does business and others. The Board is accountable for formulating the business and management directions of the Group and that they are managed in such a way as to achieve the objectives of the Company. The Board's responsibilities are to formulate corporate strategy and long-term business model of the Group and to monitor and control operating and financial performance in pursuit of strategic objectives of the Group.

The Board delegates day-to-day operations of the Group to the management of the Company. The Board and the management have clearly defined their authorities and responsibilities under various internal control and check and balance mechanisms. The Board does not delegate matters to the Board committee(s), executive Directors or management to an extent that would significantly hinder or reduce the ability of the Board as a whole to perform its functions.

Board Composition

The Company currently comprises eight Directors, consisting of three executive Directors, two non-executive Directors and three independent non-executive Directors. The details of the Board composition are as follows:

Executive Directors
Mr. Chan Cheuk Hung *(Co-chairman)*
Mr. Huang Fengchao *(Co-chairman)*
Mr. Li Dalong *(President (General Manager) and Chief Executive Officer)*

Non-executive Directors
Mr. Wei Xianzhong
Ms. Yue Yuan

Independent Non-executive Directors
Mr. Wan Kam To
Mr. Weng Guoqiang
Mr. Li Jiahe

The biographical information of the Directors are set out in the section headed "Biographies of Directors" on pages 40 to 43 of this annual report. None of the members of the Board is related to one another.

Co-chairman and Chief Executive Officer

The co-chairman of the Board of the Company (the "Co-chairman") provides leadership for the Board and ensures the effectiveness of the Board in fulfilling its roles and responsibilities and the establishment of sound corporate governance practices and procedures for the Company. The Co-chairman is also responsible for formulating the overall development strategies and policies of the Group and monitoring their implementation. Meanwhile, the chief executive officer of the Company (the "Chief Executive Officer") shall be delegated the authority by the Board to lead the senior management of the Company (the "Senior Management") for the daily operation and business management of the Group in accordance with the objectives, directions, and risk management and internal control policies laid down by the Board.

The applicable code provision C.2.1 of the CG Code requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The roles of the co-chairman of the Board have been assumed by Mr. Chan Cheuk Hung and Mr. Huang Fengchao while the president (general manager) and chief executive officer of the Company has been assumed by Mr. Li Dalong.

Independent Non-executive Directors

Independent non-executive Directors play a significant role in the Board by virtue of their independent judgement and their views carry significant weight in the Board's decisions. They are experienced professionals in areas such as financial accounting and financial management. Their extensive experiences significantly contribute to enhancing the decision-making of the Board and achieving a sustainable and balanced development of the Group. In particular, they bring impartial views and opinions on issues of the Company's strategy, performance and control, and take the lead in solution where potential conflicts of interests arise. The Board believes that its culture of openness and debate facilitates the effective contribution of Directors, non-executive Directors and independent non-executive Directors in particular, to the Board and ensures constructive relationship among executive Directors, non-executive Directors and independent non-executive Directors.

On 15 December 2022, Ms. Wong Chui Ping Cassie resigned from her position as an independent non-executive Director. Following the resignation of Ms. Wong, the Board only has two independent non-executive Directors, with the number of independent non-executive Directors falling below the minimum number of three as required under Rule 3.10(1) of the Listing Rules.

The appointment of Mr. Li Jiahe as an independent non-executive Director was approved by the Shareholders at the extraordinary general meeting of the Company on 3 March 2023. As such, the Board has met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors, representing at least one-third of the Board, with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence as set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Appointment and Re-election of Directors

The applicable code provision B.2.2 of the CG Code states 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 is engaged on a service agreement (for executive Directors and non-executive Directors) or an appointment letter (for independent non-executive Directors) for a term of three years or expiring on 20 July 2023. According to Article 95 of the Company's articles of association (the "Articles of Association"), the tenure of the second session of the Board will expire on 20 July 2023. The candidates for Directors of the third session of the Board will be proposed to a general meeting for election, a circular containing the biographical details of the candidates will be despatched to the Shareholders as soon as practicable.

Board and Board Committee Meetings

The Board meets at least four times each year. Directors may participate in meetings either in person or through electronic means of communication. The schedule of regular meetings for the next year will be presented to all Directors in the last Board meeting of the year so that they can have a better arrangement for the meetings. All Directors are given not less than fourteen days' notice for regular Board meetings. For other Board and Board committee meetings, reasonable notice will be given.

The joint company secretaries of the Company (the "Joint Company Secretaries") assist the Co-chairman in preparing the agenda of regular Board meetings and circulate the draft Board meeting agenda to all Directors for their perusal and comment. Directors are invited to include any matters in the agenda which they think appropriate. The Board meeting agenda will be issued by the Joint Company Secretaries after incorporating all the comments of Directors (if any). Relevant meeting materials are provided to the Directors at least three days before the meetings to ensure that they are given sufficient review time and are adequately prepared for the meetings.

Each Director shall have access to the Senior Management and the Joint Company Secretaries and they may also seek independent professional advice at the expense of the Company. Any matter involving interest of substantial Shareholder(s) or Director(s) shall be subject to the consideration and approval by the Board at a physical Board meeting. Directors who have interest may attend the meeting, but shall not be counted towards quorum and shall abstain from voting on the relevant matter. All Directors may require the Joint Company Secretaries to provide advice and services on relevant aspects, including the follow-up of, or the provision of support to, any matters, ensuring that the Board procedures and all applicable rules and regulations are observed.

The management will submit relevant reports to the Directors for review as part of meeting materials for every regular Board meeting. After the briefing given to the Directors, the management will answer any enquiry made by the Directors. The Board may make informed assessment on the financial and other information submitted to them for their approval. Sufficient time will be allowed for the Directors to discuss.

The minutes of the Board meetings and Board committees meetings are drafted and kept by the Joint Company Secretaries. All meeting minutes will set out in detail the matters discussed and considered at the meetings, including, among others, any queries made or views expressed by the Directors. The Joint Company Secretaries will distribute the draft meeting minutes to all Directors for their comment and final version of the meeting minutes to all Directors for their record within reasonable time after holding of the meetings.

During the Year, the Board held a total of five meetings. Each Director's attendance record for the Board meetings, Board committee meetings and general meetings is set out as follow:

	Board Meetings			
	Number of meetings eligible to attend	**Attendance in person**	**Attendance by proxy**	**Absence**
Mr. Chan Cheuk Hung *(Co-chairman)*	5	0	5	0
Mr. Huang Fengchao *(Co-chairman)*	5	5	0	0
Mr. Li Dalong *(President (General Manager) and Chief Executive Officer)*	5	5	0	0
Mr. Wei Xianzhong	5	5	0	0
Ms. Yue Yuan	5	5	0	0
Mr. Wan Kam To	5	5	0	0
Ms. Wong Chui Ping Cassie *(resigned on 15 December 2022)*	5	5	0	0
Mr. Weng Guoqiang *(appointed on 21 January 2022)*	5	5	0	0

	Audit Committee Meetings			
	Number of meetings eligible to attend	**Attendance in person**	**Attendance by proxy**	**Absence**
Mr. Wan Kam To *(Committee Chairman)*	7	7	0	0
Ms. Wong Chui Ping Cassie *(resigned on 15 December 2022)*	7	7	0	0
Mr. Weng Guoqiang *(appointed on 21 January 2022)*	7	7	0	0

	Remuneration and Appraisal Committee Meetings			
	Number of meetings eligible to attend	Attendance in person	Attendance by proxy	Absence
Mr. Weng Guoqiang *(Committee Chairman)* *(appointed on 21 January 2022)*	2	2	0	0
Mr. Huang Fengchao	2	2	0	0
Mr. Li Dalong	2	2	0	0
Mr. Wan Kam To	2	2	0	0
Ms. Wong Chui Ping Cassie *(resigned on 15 December 2022)*	2	2	0	0

	Nomination Committee Meeting			
	Number of meetings eligible to attend	Attendance in person	Attendance by proxy	Absence
Mr. Huang Fengchao *(Committee Chairman)*	1	1	0	0
Mr. Li Dalong	1	1	0	0
Mr. Wan Kam To	1	1	0	0
Ms. Wong Chui Ping Cassie *(resigned on 15 December 2022)*	1	1	0	0
Mr. Weng Guoqiang *(appointed on 21 January 2022)*	1	1	0	0

	Risk Management Committee Meetings			
	Number of meetings eligible to attend	Attendance in person	Attendance by proxy	Absence
Mr. Huang Fengchao *(Committee Chairman)*	3	3	0	0
Mr. Chan Cheuk Hung	3	0	3	0
Mr. Li Dalong	3	3	0	0
Mr. Wan Kam To	3	3	0	0
Ms. Wong Chui Ping Cassie *(resigned on 15 December 2022)*	3	3	0	0

	General Meetings			
	Number of meetings eligible to attend	**Attendance in person**	**Attendance by proxy**	**Absence**
Mr. Chan Cheuk Hung *(Co-chairman)*	2	0	2	0
Mr. Huang Fengchao *(Co-chairman)*	2	1	1	0
Mr. Li Dalong *(President (General Manager) and Chief Executive Officer)*	2	2	0	0
Mr. Wei Xianzhong	2	2	0	0
Ms. Yue Yuan	2	1	1	0
Mr. Wan Kam To	2	2	0	0
Ms. Wong Chui Ping Cassie *(resigned on 15 December 2022)*	2	2	0	0
Mr. Weng Guoqiang *(appointed on 21 January 2022)*	1	1	0	0

All the executive Directors, non-executive Directors and independent non-executive Directors have allocated a reasonable amount of time to follow and deal with various affairs of the Company during the Year. In addition to attending the meetings of the Board and its committees, each Director has allocated sufficient time on reviewing materials provided by the Company from time to time. Furthermore, each member of the Audit Committee also spent sufficient time on reviewing internal audit reports provided by the internal audit centre. The Co-chairman met once with the independent non-executive Directors without the presence of other Directors.

Training and Support for Directors

The Company has established procedures for training and development of Directors. Newly appointed Directors will be provided with comprehensive, formal and tailored induction on the first occasion of his/her appointment and, subsequently, necessary briefing and professional development so as to ensure the Directors have adequate understanding and strengthen their awareness of the business and operation of the Group, their responsibilities and obligations under the statutory and common laws, the Listing Rules, laws and other regulatory requirements and governance policies, enabling the Directors to discharge their duties properly. The Joint Company Secretaries maintain proper records of training attended by the Directors.

During the Year, the summary of training received by the Directors is as follows:

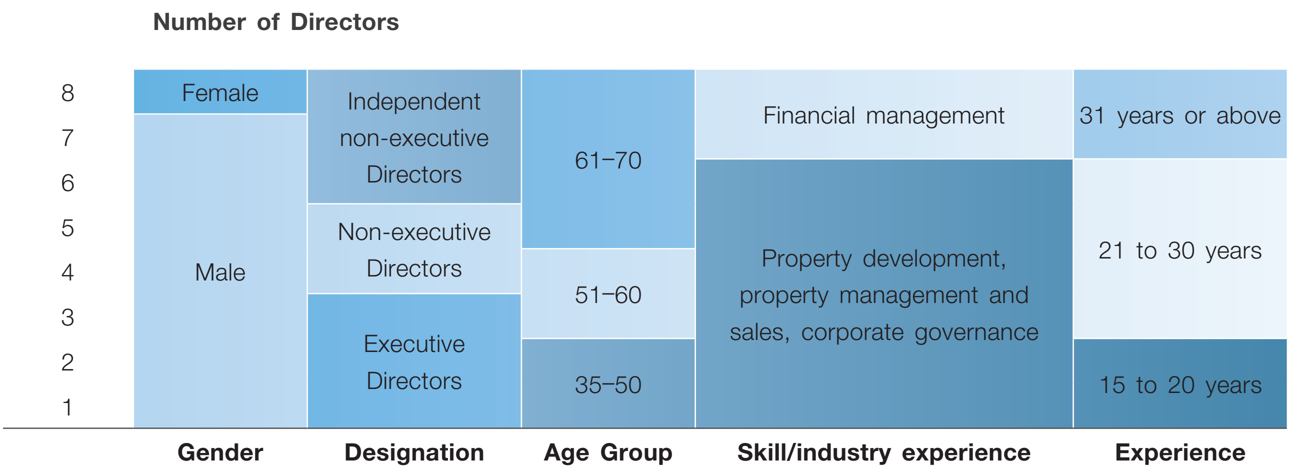
Directors	Training Matters *(Note)*
Executive Directors	
Mr. Chan Cheuk Hung *(Co-chairman)*	A, B
Mr. Huang Fengchao *(Co-chairman)*	A, B
Mr. Li Dalong *(President (General Manager) and Chief Executive Officer)*	A, B
Non-executive Directors	
Mr. Wei Xianzhong	A, B
Ms. Yue Yuan	A, B
Independent Non-executive Directors	
Mr. Wan Kam To	A, B
Ms. Wong Chui Ping Cassie *(resigned on 15 December 2022)*	A, B
Mr. Weng Guoqiang *(appointed on 21 January 2022)*	A, B

Note: A. corporate governance
B. regulatory

Board Diversity

In order to achieve a diversity of perspectives among members of the Board, the Company has formulated a policy to consider a number of factors when deciding on appointments to the Board and the continuation of those appointments. Such factors include but are not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

An analysis of the current Board composition is set out in the following chart:



As at the date of this report, the Board comprises eight Directors, one of which is female. The Company targets to avoid a single gender Board and will timely review the gender diversity of the Board in accordance with the business development of the Group. The Board will continue to seek opportunities to increase the proportion of female members over time as and when suitable candidates are identified.

Gender Diversity of Employees

On 31 December 2022, the Group had 43,731 female employees, accounting for 46.0% of the total; and 51,371 male employees, accounting for 54.0% of the total. Among the Senior Management (excluding the Directors), 3 were male and 1 was female.

To narrow and eliminate gender pay gaps, the Group provides equal opportunities and treatment for employees of different genders, and promotes a corporate culture of diversity and inclusion.

Board Independence

During the Year, the Board also reviewed the implementation and effectiveness of mechanisms to ensure independent views and input are available to the Board. Taking into account the following channels, the Nomination Committee considered that the Company had in place mechanisms which remain effective to ensure a strong independent element on the Board:

(a) Three out of the eight Directors are independent non-executive Directors, which meets the requirement of the Listing Rules that at least one-third of the Board are independent non-executive directors and all of them continue to devote adequate time contribution to the Company;

(b) The Nomination Committee will assess the independence of a candidate who is nominated to be a new independent non-executive Director before appointment. All independent non-executive Directors are required to submit a written confirmation to the Company annually to confirm the independence of each of them and their immediate family members, and their compliance with the requirements as set out in the Rule 3.13 of the Listing Rules.

(c) Independent professional advice would be provided to independent non-executive Directors upon reasonable request to assist them to perform their duties to the Company.

(d) All Directors are encouraged to express their views in an open and candid manner during the Board/Board Committee meetings.

(e) Annual meeting between the Chairman and all independent non-executive Directors without presence of other Directors providing effective platform for the Chairman to listen independent views on various issues concerning the Group;

(f) A Director (including independent non-executive Director) who has material interest in any contract, transaction or arrangement shall abstain from voting and not be counted in the quorum on any Board resolution approving the same.

(g) No equity-based remuneration with performance-related elements will be granted to independent non-executive Directors.

Dividend Policy

On 28 March 2023, the Board approved and adopted a revised dividend policy of the Company, pursuant to which the payment and amounts of dividends (including final dividend and special dividend, if any) depend on the results of operations, cash flows, financial position, statutory and regulatory restrictions on the dividends paid by the Company, future prospects and other factors which the Board considers relevant.

Nomination Policy

According to the Nomination Policy of the Company, the Nomination Committee will consider the following major factors when nominating suitable candidates to the Board for it to consider and make recommendations to Shareholders for election as directors at general meetings.

– gender, age, race, language, cultural and educational background, industry experience and professional qualification;

– effect on the Board's composition and diversity;

– commitment of the candidate to devote sufficient time to effectively carrying out his/her duties. In this regard, the number and nature of offices held by the candidate in public companies or organizations, and other executive appointments or significant commitments will be considered;

– potential/actual conflicts of interest that may arise if the candidate is selected;

– independence of the candidate; and

– in the case of a proposed re-appointment of an independent non-executive Director, the number of years he/she has already served.

Nomination Procedures

During the Year, after receiving a list of candidates, recommended by members of the Board, for the replacement and appointment of new Directors, the Nomination Committee requested the candidate to provide his biographical information and other information deemed necessary. The Nomination Committee reviewed and took reasonable steps to verify the information obtained from the candidate and seek clarification, where required. The Nomination Committee may, at its discretion, invite any candidate to meet with the Nomination Committee members to assist them in their consideration of the proposed nomination or recommendation. The Nomination Committee then submitted its nomination proposal to the Board for consideration and making recommendation to the Shareholders for approval.

Directors, Supervisors and Senior Management Liability Insurance

The Company has arranged appropriate insurance covering the potential legal actions against its Directors, Supervisors and Senior Management in connection with the discharge of their responsibilities.

Board Committees

The Company has established four Board Committees, namely, the Remuneration and Appraisal Committee, the Nomination Committee, the Audit Committee and the Risk Management Committee. All Board Committees of the Company are established with specific written terms which deal clearly with their authority and duties. The terms of reference of each of the Board Committees are posted on the Company's website (www.agileliving.com.cn) and The Stock Exchange of Hong Kong Limited's (the "Hong Kong Stock Exchange") website (www.hkex.com.hk) and are available to the Shareholders upon request.

The list of the chairman and members of each Board committee is set out under the section headed "Corporate Information" on page 2 of this annual report.

Remuneration and Appraisal Committee

The Remuneration and Appraisal Committee consists of five members, namely Mr. Huang Fengchao (executive Director), Mr. Li Dalong (executive Director), Mr. Wan Kam To (independent non-executive Director), Mr. Weng Guoqiang (independent non-executive Director) and Mr. Li Jiahe (independent non-executive Director). Mr. Weng Guoqiang is the chairman of the Remuneration and Appraisal Committee.

The terms of reference of the Remuneration and Appraisal Committee are of no less exacting terms than those set out in the CG Code. The major duties of the Remuneration and Appraisal Committee are to make recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and Senior Management and on the establishment of a formal and transparent procedure for developing remuneration policy, as well as to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.

Remuneration packages include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of office or appointment. In determining remuneration of Directors and Senior Management, the Board will consider the remuneration level of comparable companies, the time commitment and responsibilities of the Directors and Senior Management and employment conditions elsewhere in the Group, individual performance of respective Directors and the Company's performance. No Director shall be involved in deciding his/her own remuneration.

During the Year, the Remuneration and Appraisal Committee held two meetings, the agenda of which was mainly (i) to confirm the remuneration of executive Directors, non-executive Directors and independent non-executive Directors for 2021; (ii) to discuss and determine the recommendation on the remuneration adjustments of executive Directors, non-executive Directors and independent non-executive Directors for 2022; and (iii) to discuss and determine the proposal on the remuneration of the Senior Management for 2022.

Details of the 5 individuals with the highest emoluments are set out in note 8(d) to the consolidated financial statements.

The remuneration of the members of senior management by band for the Year is set out below:

Emolument bands (in HK$)	**Number of members of senior management**
HK$500,001 – HK$1,000,000	1
HK$1,000,001 – HK$1,500,000	1
HK$2,000,001 – HK$2,500,000	1
HK$7,500,001 – HK$8,000,000	1

Nomination Committee

The Nomination Committee consists of five members, namely Mr. Huang Fengchao (executive Director), Mr. Li Dalong (executive Director), Mr. Wan Kam To (independent non-executive Director), Mr. Weng Guoqiang (independent non-executive Director) and Mr. Li Jiahe (independent non-executive Director). Mr. Huang Fengchao is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The major duties of the Nomination Committee are to review the Board composition, to identify individuals suitably qualified to become Board members, to make recommendations to the Board on the appointment, re-appointment and succession planning of Directors, to assess the independence of independent non-executive Directors and to review the Board diversity policy and the nomination policy of the Company.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board diversity policy, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience, etc. The Nomination Committee, if necessary, may seek independent professional opinions when discharging their duties at the fees and expense of the Company.

During the Year, the Nomination Committee held a meeting, the agenda of which was mainly (i) to assess the independence of the independent non-executive Directors; and (ii) to consider and review the structure, number of members and composition of the Board.

Audit Committee

The Audit Committee consists of three independent non-executive Directors, namely Mr. Wan Kam To, Mr. Weng Guoqiang and Mr. Li Jiahe. Mr. Wan Kam To is the chairman of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The major duties of the Audit Committee are to review accounting policy, to monitor the performance of the Company's external auditor and the internal audit centre, to review financial information, to oversee the financial reporting system, risk management and internal control systems, to consider and review the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and to report the results to the Board. The Audit Committee, if necessary, may seek independent professional opinions when discharging their duties at the fees and expenses of Company.

During the Year, the Audit Committee held seven meetings, the agenda of which mainly includes of the following:

- reviewing annual results of 2021 and annual report of 2021, interim results of 2022 and interim report of 2022;
- reviewing audit and review reports of the auditors, recommendation reports of internal control and management;
- discussing and reviewing internal control management reports, audit monitoring plans and audit timetables of the internal audit centre;
- reviewing the continuing connected transactions;
- considering the re-appointment of external auditor of the Company, and discussing the change of external auditor;
- reviewing the resources of accounting and financial reporting functions of the Group;
- reviewing the effectiveness of the Company's internal audit function; and
- reviewing staff malpractices monitoring reports.

The Audit Committee meets with the external auditor, at least once annually, in the absence of management, to discuss matters relating to its audit fees, any issue arising from the audit and any other matters the auditor may wish to raise. The Audit Committee and the Board have no disagreement in relation to the recommendation of the re-appointment of Grant Thornton Hong Kong Limited as the external auditor.

External Auditors

PricewaterhouseCoopers ("PwC") resigned as the auditor of the Company with effect from 24 November 2022. At the extraordinary general meeting of the Company held on 3 March 2023, the Shareholders approved the appointment of Grant Thornton Hong Kong Limited to fill the casual vacancy following the resignation of PwC. For the year ended 31 December 2022, remuneration paid and payable to the external auditors in relation to audit and non-audit services is detailed as below:

	2022 ***RMB***	2021 *RMB*
Fee for audit services (including Hong Kong Standard on Review Engagements 2410 review on interim results)	**3,780,000**	14,680,000
Fee for non-audit services:		
– Other permitted services	**1,200,000**	–
	4,980,000	14,680,000

Risk Management Committee

The Risk Management Committee consists of five members, namely Mr. Chan Cheuk Hung (executive Director), Mr. Huang Fengchao (executive Director), Mr. Li Dalong (executive Director), Mr. Wan Kam To (independent non-executive Director) and Mr. Li Jiahe (independent non-executive Director). Mr. Huang Fengchao is the chairman of the Risk Management Committee.

The major duties of the Risk Management Committee are to consider and formulate risk management framework, to review and assess the effectiveness of the Group's risk management framework, to monitor the implementation of risk control and ensure it is effectively implemented.

During the Year, the Risk Management Committee held three meetings, the agenda of which is set out below:

– discussing and reviewing internal control management reports, monitoring plans and timetables of the internal audit centre; and

– reviewing the changes of nature and extent of major risks and the response measures.

Corporate Governance Functions

The Audit Committee is delegated by the Board to perform the functions set out in the code provision A.2.1 of the CG Code contained in Appendix 14 of the Listing Rules. The terms of reference of the Audit Committee include (1) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; (2) to review and monitor the training and continuous professional development of directors and senior management of the Company; (3) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (4) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors of the Company; and (5) to review the Company's compliance with the code and disclosure in the Corporate Governance Report of the Company.

Risk Management and Internal Control

The Group considers that effective risk management is of high importance for the Group to achieve sustainable development and long-term business success.

Responsibilities of the Board and the Management

The Board recognises its responsibilities to evaluate and determine the nature and level of risks to be exposed of for achieving the Group's strategic objectives, and to ensure that the Group establishes and maintains applicable and effective risk management and internal control systems, and to oversee the management in design, implementation and monitoring of the risk management and internal control systems. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The management is responsible for designing, implementing and monitoring the risk management system and the internal control system, and provides the recognition of the effectiveness of risk management and internal control to the Board.

Risk Management

The design, implementation and maintenance of the risk management system

1) **Establishing the Risk Management Committee:** The Board has established the Risk Management Committee to oversee the design, implementation and maintenance of the risk management system of the Group and has issued the "Terms of Reference of the Risk Management Committee":

   – Authorizing the Risk Management Committee and define its duties: the Risk Management Committee's duties regarding risk management and its authorisation have been recognised in the "Terms of Reference of the Risk Management Committee";

   – Determining the organisation of the Risk Management Committee: providing the composition and quorum, requirements of the attendance at meetings, frequency of meetings and the manner of meetings; and

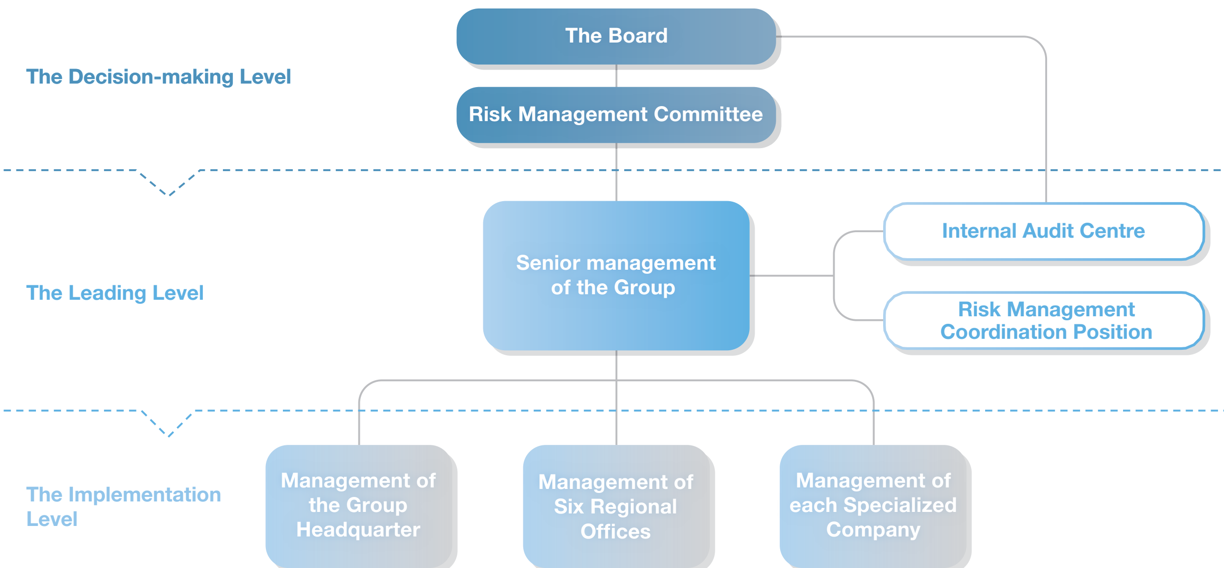
   – Determining the procedure of reporting to the Board: stipulating the time of reporting to the Board by the Risk Management Committee, including the minutes mechanism.

2) **Establishing the structure of the risk management organisation:** It has built up the official risk management organisation structure from the level of the Group to its subsidiaries (see figure 1 below: risk management organisation chart of the Company), and confirmed the direct management obligation of risk management and the risk information reporting procedure and frequency, and clarified the responsibilities of risk management positions, including integrating the requirement of risk management into the functional description of each position. The main features of the risk management organisation structure comprised:

– Clear levels and responsibilities: the levels of risk management organisation included the Risk Management Committee at the decision-making level, with the composition of leading level and implementation level and carrying out the division of the duties of risk management. It has confirmed the direct management obligation and the risk information reporting procedure and frequency;

– The wide span of level: the structure of risk management organisation is from the senior management of the Group to its managements of six regional offices and specialized company; and

– Specific communication mechanism: it has confirmed that the management of each level communicate with each other with regard to the responsibilities, reporting procedure and reporting frequency of the risk management.



(Figure 1: risk management organisation chart of the Company)

The roles and major responsibilities of different levels under the risk management structure are shown below:

The roles in the risk management structure	Major responsibilities
The Board (decision-making level)	– To evaluate and determine the nature and extent of the risks that the Group willing to take in achieving the strategic objectives – To ensure that the effective risk management and internal control systems are established and maintained – To oversee management in the design, implementation and monitoring of the risk management and internal control systems
The Risk Management Committee (decision-making level)	– To review and formulate the framework of risk management – To review and assess the effectiveness of the framework of the risk management of the Group on a regular basis – To coordinate and assist the Group's senior management in promoting risk management works – To oversee each business segment for setting up and implementing risk response programme and measures – To report any material risk management matters and recommend solutions to the Board – To monitor the frequency of major control failures or weak points, resulting in the extent of unforeseen consequences or emergencies which have caused, may have caused or will cause material impact on the financial performance or condition of the Company
The senior management of the Group (leading organisation)	– To carry out risk assessment from the Group's holistic perspective and each business segment, in order to formulate risk management measures – To design, implement and monitor the risk management and internal control systems – To confirm the effectiveness of risk management and internal control systems to the Board
The Group headquarter and the management of its subsidiaries (implementation organisation)	– To formulate and implement the relevant risk response programme of their business segment – To promote and implement specific risk management measures – To monitor and control different risks of their business and adjust risk management measures in time

The roles in the risk management structure	Major responsibilities
The Internal Audit Centre	– To coordinate the commencement of risk recognition and assessment – To prepare periodic risk assessment report and propose the summary of the report to the risk management leading team – To organise and coordinate risk management training and guidance – To act as the risk management monitoring organisation and be responsible for overseeing and evaluating risk management works implemented by the Group and its subsidiaries
The risk management coordination position	– The Office of the Secretary of the Board acts as the role of risk management coordination, including organising Risk Management Committee meetings and preparing minutes for record

3) **Establishing a systematic risk management system structure**, which comprised the following main elements and features:

- Comprehensive framework of risk management: the model of risk management framework has been established as the risk management system foundation (see figure 2 below for details: the model of risk management) including the main elements such as risk management strategies, risk management process and risk management basic structure;

- Clear risk management procedure: the risk management procedure includes recognition, analysis, response, monitor and control, and summarizing and reporting, which form a closed loop to control and manage the risks continuously; and

- Appropriate standard of risk assessment for the Group: according to the industry nature and operation features, strategic objectives of the Group as well as the risk preference of management, set up the applicable dimension and standard of risk assessment to each business segment. By using mutually agreed assessment method and standard, carry out assessment to the risks which are most likely to affect the achievement of corporate objectives in order to obtain the risk assessment result which is actually fitted with corporation.

Risk Management Strategies:
Building up Senior Management's foundation of risk management, determining the acceptability of the nature and extent of risks and establishing risk management frame

Risk Management Procedure:
Establishing the steps and instruments and monitoring and reporting procedure of risk management

Foundation of Risk Management:
Organisation, staff and technologies required in order to support, facilitate and promote the commencement of risk management of the Group

(Figure 2: The model of risk management)

Through the above efforts, the Group has clarified direct management obligation of risk management and risk information reporting procedure and frequency, and established an official risk management framework which recognises, analyses, evaluates and determines procedure of corporate risks to integrate with and control risks systematically.

The commencement of risk assessment for the Group in 2022

Based on risk management system of the Group as mentioned above, the Senior Management, with the assistance from external advisory bodies, sustained its intensive risk management works in 2022.

Management has adopted a systematic evaluation to review the changes of nature and extent of major risks, recognised material risks exposed, streamlined the current condition of risk control and the next response measures and key risk management program, and reported to the Risk Management Committee with the assessment result.

The Risk Management Committee, on behalf of the Board, reviews and assesses the changes of nature and extent of major risks. It has finished the review of risk management system. The Risk Management Committee reviewed and reported the results to the Board, and suggested that with the rapid growth of the Group's business scale, the increasingly diversified business development and the continuous changes in the market environment, the Group's risk management system should be considered in a broader and comprehensive perspective, the framework of risk management should be continuously optimized, and all related departments of the Group should be linked up to enhance the workflow of risk management in order to support the development of the innovative business of the Group. Management will report major risks control formally to the Risk Management Committee on a half-yearly basis, strengthen the effectiveness of risk management system and broaden the scope of risk management so as to identify other potential risks situation.

The Internal Control

The Board is responsible for formulating proper internal control system for the Group to safeguard the assets of the Group and the interests of the Shareholders. The Audit Committee shall conduct regular review on the effectiveness of the internal control system to ensure that the system is adequate.

The internal audit centre of the Group is accountable and reports directly to the Audit Committee. It is responsible for constantly monitoring the work flow and risk assessment of each department of the Group, to assist the Board and Senior Management in complying with the regulatory requirements and guidelines, so as to improve the efficiency of internal control system. Through continuous internal audit and reporting from time to time, the internal audit centre shall ensure the effective operation of the internal control system.

In order to standardise information management works, the Board has formulated an information management system (the "System"). The System includes procedures and internal controls for the handling and dissemination of inside information. The System provides, including but not limited to, the procedures of the obligation and execution of the management and publication of inside information, confidentiality arrangement, collection and evaluation of information and the manner of publication to ensure timely reporting of inside information to the Board and communication with the Group's stakeholders.

During the Year, the internal audit functions have been carried out under the leadership of the Board and the Audit Committee. The Audit Committee reviewed the effectiveness of internal control system of the Group in respect of finance, operation, compliance and business matters and reported the results to the Board. Should any material fault or any material weakness in monitoring is found, the internal audit centre will report the same to the Audit Committee in timely manner.

The Group shall review the efficiency of the internal control system at least twice every year to ensure the effectiveness and adequacy of the system.

Whistleblowing Policy

The Company has established a whistleblowing policy where employees and third parties can report any suspected improper, corrupt, or non-compliant behavior of the Group's employees, customers, and suppliers to the internal audit centre of the Group through email, an anti-corruption hotline, letters, or other means while maintaining confidentiality. The internal audit centre regularly reports any findings to the Audit Committee.

Anti-Corruption Policy

The Company has established an anti-corruption policy that details the requirements for preventing, controlling, and providing feedback on anti-corruption, anti-bribery, and anti-money laundering activities. The internal audit centre of the Group is responsible for supervising the Group's anti-corruption efforts and conducting anti-corruption training sessions, as well as investigating complaints related to suspected corrupt behavior.

The Review and Summary of the Effectiveness of the Risk Management and Internal Control Systems

The Board has continuously overseen the management in the design, implementation and monitoring of the risk management and internal control systems, and conducted a comprehensive review of the risk management and internal control systems of the Company during the Year and continuously oversaw major risks and regularly review the implementation of management and control measures covering the period of 2022. There were no significant uncontrollable risks during the period. The Board considered that the operation of the systems is reasonably effective and sufficient. Meanwhile, the Board has accepted the reports of the Risk Management Committee and the Audit Committee on the review results of the Group's risk management and internal control system and agreed that such systems should be continuously reviewed and improved in line with the rapid growth of the Group's business scale, the increasingly diversified business development and the continuous changes in the market environment.

The Review of Accounting, Financial Reporting and Internal Audit Functions

The Audit Committee reviewed and was satisfied with the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Group's accounting, financial reporting and internal audit functions.

Directors' Responsibility in Respect of the Consolidated Financial Statements

The Directors have acknowledged their responsibility for preparing the consolidated financial statements of the Company for the year ended 31 December 2022.

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

The statement of the independent auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the section headed "Independent Auditor's Report" on pages 93 to 100 of this annual report.

Joint Company Secretaries

Mr. Huang Jiayi, the chief financial officer of the Company, acts as a joint company secretary of the Company. Mr. Li Kin Wai of Tricor Services Limited, which is an external service provider, has been engaged by the Company as its joint company secretary and the primary contact person at the Company is Mr. Huang Jiayi. They have confirmed that they have received relevant professional trainings of no less than 15 hours during the Year.

All Directors have access to the advice and services of the joint company secretaries of the Company on corporate governance and board practices and matters.

Shareholders' Rights

The Company engages with Shareholders through various communication channels and a shareholders' communication policy is in place to ensure that Shareholders' views and concerns are appropriately addressed. During the Year, the Company has reviewed the existing shareholders' communication policy to ensure its continued effectiveness.

To safeguard shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. 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 Hong Kong Stock Exchange after each general meeting.

Convening an extraordinary general meeting

Extraordinary general meetings may be convened by the Board on requisition of Shareholder(s) individually or jointly holding 10% or more of the Company's issued shares carrying voting rights in writing.

Putting forward proposals at general meetings

When a general meeting is convened by the Company, the Board, Supervisory Committee and Shareholders who individually or jointly hold more than 3% or more of the Shares may propose resolutions to the Company.

Shareholders who individually or jointly hold more than 3% of the Shares may submit ad hoc proposals in writing to the convener of the general meeting 10 days before the holding of the general meeting. The convener will issue a supplemental notice of the general meeting within two days upon receipt of the proposals.

Putting forward enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company to the following:

Address: Tricor Investor Services Limited
17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong

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.

Compliance with the Model Code for Securities Transactions by Directors and Supervisors

The Company has adopted a code for securities transactions by Directors of the Company and a code for securities transactions by Supervisors as its own codes of conduct governing Directors' and Supervisors' dealings in the Company's securities (the "Securities Dealing Codes") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the Directors and Supervisors and they have confirmed that they had complied with the Securities Dealing Codes during the year ended 31 December 2022.

The Company has also established written guidelines (the "Employees Written Guidelines") no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company during the year ended 31 December 2022.

Constitutional Documents

During the Year, there have been no changes in the Articles of Association.

The Articles of Association is available on the Company's website and the Hong Kong Stock Exchange's website.

Certain amendments to the Articles of Association will be proposed for the Shareholders' consideration at the 2022 AGM. Details will be set out in the Company's circular dated 28 April 2023.

Report of the Board of Directors

The board (the "Board") of directors (the "Directors") of A-Living Smart City Services Co., Ltd. (the "Company", together with its subsidiaries, the "Group") is pleased to present the annual report of the Company together with the audited consolidated financial statements for the year ended 31 December 2022 (the "Year").

Principal Place of Business

The Company is established and has its registered office in the People's Republic of China (the "PRC" or "China"). The Company's principal place of business in Hong Kong is situated at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

Principal Activities

The Group is principally engaged in property management, property sales, property inspection, advertising and tourism services.

Results and Overall Performance

The Group's results for the year ended 31 December 2022 are set out on pages 5 to 6 of this annual report.

Business Review

The business review of the Group during the Year and a discussion of the Group's future business development and the major risks and uncertainties of the Group are set out in the section headed "Chairman's Statement" on pages 10 to 16 of this annual report and the section headed "Management Discussion and Analysis" on pages 17 to 30 of this annual report, respectively. An analysis of the Group's performance during 2022 based on the financial key performance indicators is set out on pages 205 to 206 of this annual report under the section headed "Five-Year Financial Summary".

The Group believes that sustainable development is crucial to the development of a corporate and actively implements the concept of sustainable development at every level of the operation so as to create a better future for the community and the corporate. The Company will issue separately an Environmental, Social and Governance Report under the Environmental, Social and Governance Reporting Guide as specified in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Consolidated Financial Statements

The profit of the Group for the year ended 31 December 2022 and the state of the Group's affairs as at 31 December 2022 are set out in the consolidated financial statements on pages 101 to 204 of this annual report.

Environmental Protection and Compliance with Laws and Regulations

The Group is principally engaged in property management, property sales, property inspection, advertising and tourism services in China. As a property management service provider in China, the Group is required to comply with various national and local laws and regulations on environmental protection, including laws and regulations of air pollution, sound pollution, waste and sewage. The Group has complied with the laws and regulations which are significant to the operation of the Group. Further, any changes in applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

Relationship with Stakeholders

The Group is of the view that its employees, customers and business partners are important to its sustainable development. The Group is committed to maintaining close relationship with its employees, providing high quality services to customers and strengthening the cooperation with its business partners. The Company provides a fair and safe workplace, promotes diversity to the staff, provides competitive remuneration and benefits and career development opportunities based on their merits and performance. The Group also puts ongoing efforts to provide adequate trainings and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfillment in their positions.

The Group understands that it is important to maintain good relationship with customers and provide the products in a way that satisfy the needs and requirements of the customers. The Group enhances the relationship by continuous interaction with customers to gain insight on the changing market demand for the services so that the Group can respond proactively. The Group has also established procedures in place for handling customers' complaints to ensure customers' complaints are dealt with in a prompt and timely manner.

The Group is also dedicated to developing good relationship with suppliers and contractors as long-term business partners to ensure stability of the Group's business. The Group reinforces business partnerships with suppliers and contractors by ongoing communication in a proactive and effective manner so as to ensure quality and timely delivery.

Final dividend

The Board does not recommend any payment of final dividend for the year ended 31 December 2022 (2021: RMB0.41 per share (before tax)).

Closure of Register of Members for the 2022 AGM

The 2022 AGM will be held on Tuesday, 30 May 2023 and for the purpose of determining the Shareholders' eligibility to attend and vote at the 2022 AGM, the register of members of the Company will be closed from Saturday, 29 April 2023 to Tuesday, 30 May 2023, both days inclusive, during which period no transfer of the shares of the Company will be registered. In order to qualify for attending and voting at the 2022 AGM, shareholders of H Shares whose transfer documents have not been registered are required to deposit all properly completed share transfer forms together with the relevant share certificates to the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Friday, 28 April 2023.

Share Capital

Details of the movements in the share capital of the Company for the year ended 31 December 2022 and as at 31 December 2022 is set out in note 24 to the consolidated financial statements.

Reserves and Distribution Reserve

Details of the movements in the reserves of the Company and of the Group for the year ended 31 December 2022 are set out in note 37(a) and note 25 to the consolidated financial statements and pages 105 to 106 of this annual report under the section headed "Consolidated Statement of Changes in Equity".

As of 31 December 2022, the Company's aggregate amount of reserve available for distribution to equity shareholders was approximately RMB902.6 million.

Property, Plant and Equipment

Details of the movements in the property, plant and equipment of the Group for the year ended 31 December 2022 are set out in note 15(a) to the consolidated financial statements.

Intangible Assets

Details of the movements in intangible assets of the Group for the year ended 31 December 2022 are set out in note 17 to the consolidated financial statements.

Borrowings

As at 31 December 2022, the Group had long-term borrowings of RMB17.3 million, among which RMB5.6 million will be repayable within one year. The Group also had short-term borrowings of RMB87.5 million with a term of less than one year. Details of the borrowings of the Group are set out in note 26 to the consolidated financial statements.

Charitable Donations

The Group did not make any charitable donations for the year ended 31 December 2022.

Retirement Benefit Scheme

There are no provisions under the retirement benefit scheme of the Group whereby forfeited contributions may be used to reduce future contributions. Details of retirement benefit scheme of the Group are set out in note 8 to the consolidated financial statements.

Five-Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on pages 205 to 206 of this annual report.

Purchase, Sale or Redemption of the Company's Listed Securities

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Future Plans for Material Investments or Capital Assets

Save as disclosed in this annual report, the Group has no other future plans for material investments and capital assets as at 31 December 2022.

Pledge of assets

Details of the pledge of assets of the Group for the year ended 31 December 2022 are set out in note 15(a) to the consolidated financial statements.

Pre-Emptive Rights

There is no arrangement of pre-emptive rights in accordance with the laws of the PRC and the requirements of the Articles of Association.

Directors and Supervisors

The Directors and the supervisors of the Company (the "Supervisors") during 2022 and up to the date of this annual report are:

Directors

Executive Directors
Mr. Chan Cheuk Hung *(Co-chairman)*
Mr. Huang Fengchao *(Co-chairman)*
Mr. Li Dalong *(President (General Manager) and Chief Executive Officer)*

Non-executive Directors
Mr. Wei Xianzhong
Ms. Yue Yuan

Independent non-executive Directors
Mr. Wan Kam To
Mr. Weng Guoqiang *(appointed on 21 January 2022)*
Mr. Li Jiahe *(appointed on 3 March 2023)*
Ms. Wong Chui Ping Cassie *(resigned on 15 December 2022)*
Mr. Wang Peng *(removed on 21 January 2022)*

Supervisors

Mr. Liu Jianrong *(President of the Supervisory Committee, Employee representative Supervisor)*
Ms. Huang Zhixia *(Employee representative Supervisor)*
Mr. Shi Zhengyu *(Shareholder representative Supervisor)*
Mr. Wang Gonghu *(External Supervisor)*
Mr. Wang Shao *(External Supervisor)*

Independence Confirmation

The Company has received from each of the independent non-executive Directors an annual 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.

Directors' and Supervisors' Service Contracts

Each of the executive Directors, the non-executive Directors and the Supervisors has entered into a service contract with the Company and each of the independent non-executive Directors has signed an appointment letter with the Company.

The appointment of all the Directors is effective from the respective appointment date until the expiry of the term of the second session of the Board. The appointment of all the Supervisors is effective from the respective appointment date until the expiry of the term of the second session of the Supervisory Committee.

No Director or Supervisor has a service contract/letter of appointment with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

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

Other than those transactions disclosed in note 38 to the consolidated financial statements, no Director or Supervisor had a material beneficial interest in, either directly or indirectly, any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Year.

Directors' and Supervisors' Interest in Competing Business

During the Year, none of the Directors, the Supervisors or their respective close associates had engaged in or had any interest in any business which competes or may compete, either directly or indirectly, with the businesses of the Group.

Management Contracts

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

Permitted Indemnity Provision

According to the duty indemnity policy for the Directors, the Supervisors and the Senior Management, each Director, Supervisor and Senior Management is entitled to be indemnified by the Company against all losses or liabilities which he/she may sustain or incur in carrying out his/her functions. The Company has also arranged appropriate insurance in respect of potential legal actions against the Directors, the Supervisors and the Senior Management arising out of corporate activities.

Compliance with the Deed of Non-Competition

None of the controlling shareholders of the Company (the "Controlling Shareholders") is interested in any business which is, whether directly or indirectly, in competition with our business. To ensure that competition will not exist in the future, each of the Controlling Shareholders has entered into the Deed of Non-Competition (as defined below) in favor of the Company.

Each of the Controlling Shareholders has undertaken to the Company in the deed of non-competition and compensation (the "Deed of Non-Competition") on 22 January 2018 that it/he/she will not, and will procure its/his/her close associates (other than members of the Group) not to directly or indirectly be involved in or undertake any business (other than the Group's business) that directly or indirectly competes, or may compete, with the Group's business, which includes providing property management services, property sales services, property inspection services, advertising and tourism services to non self-owned or non self-leased properties or non self-developed projects (collectively referred to as the "Restricted Activities"), or hold shares or interest in any companies or business that compete directly or indirectly with the business engaged by the Group from time to time except where the Controlling Shareholders and their close associates hold less than 5% of the total issued share capital of any company (whose shares are listed on the Hong Kong Stock Exchange or any other stock exchange) which is engaged in any business that is or may be in competition with any business engaged by any member of the Group and they do not control 10% or more of the composition of the board of directors of such company.

The Deed of Non-Competition will lapse automatically if the Controlling Shareholders and their close associates cease to hold, whether directly or indirectly, 50% or above of the Shares with voting rights or the Shares cease to be listed on the Hong Kong Stock Exchange.

For details of the above Deed of Non-Competition, please refer to the section headed "Relationship with Our Controlling Shareholders" in the prospectus of the Company dated 29 January 2018.

Each of the Controlling Shareholders has provided written confirmation to the Company, pursuant to which it/he/she confirmed that from 1 January 2022 to 13 December 2022 (the "Period"), (1) each of them has fully complied with all terms and requirements of the Deed of Non-Competition, (2) each of them not to directly or indirectly be involved in or undertake any business (other than our business) that directly or indirectly competes, or may compete, with the Restricted Activities, and (3) each of them does not hold more than 5% of the shares or interest in any companies or business that compete directly or indirectly with the business engaged by the Group from time to time and controls 10% or more of the composition of the board of directors of such company.

The independent non-executive Directors have reviewed all the necessary information provided by the Controlling Shareholders for compliance with the Deed of Non-Competition and confirmed that during the Period, the Controlling Shareholders had fully complied with and did not breach all terms and requirements of the Deed of Non-Competition.

On 13 December 2022, Zhongshan A-Living Enterprises Management Services Co., Ltd.*（中山雅生活企業管理服務有限公司）completed the sale of 48,600,000 H Shares. Immediately after such sale on 13 December 2022, the Controlling Shareholders and their close associates ceased to hold, whether directly or indirectly, 50% or above of the Shares with voting rights, the Deed of Non-Competition lapsed automatically pursuant to clause 6.2(i) of the Deed of Non-Competition.

Biographical Details of Directors, Supervisors and Senior Management

Biographical details of the Directors, the Supervisors and Senior Management are set out in the sections headed "Biographies of Directors", "Biographies of Supervisors" and "Biographies of Senior Management", respectively, of this annual report.

Changes in Information of Directors, Supervisors and Chief Executives of the Company

Pursuant to Rule 13.51B of the Listing Rules, the changes in information of Directors, Supervisors and chief executives of the Company subsequent to the date of the 2022 interim report are as follow:

1. Mr. Wan Kam To has resigned as an independent director of China World Trade Center Co. Ltd (stock code of Shanghai Stock Exchange: 600007) with effect from 21 November 2022.

Equity Linked Agreement

No equity linked agreements were entered into by the Company during 2022.

Directors', Supervisors' and the Chief Executives' Interests and/or Short Positions in Shares, Underlying Shares or Debentures of the Company or any of its Associated Corporations

As of 31 December 2022, the interests and short positions of the Directors, Supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which were required to be notified to the Company and the Hong Kong 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 as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Securities Dealing Codes as defined in the Corporate Governance Report in this annual report (the "Securities Dealing Codes"), were as follows:

(i) Interest in Shares of the Company

Name of Director	Nature of Interest	Class of Shares	Number of Shares[1]	Approximate Percentage of the Company's Issued Share Capital
Mr. Chan Cheuk Hung[2]	Beneficiary of a trust	H Shares	582,100,521 (L)	40.99%
			91,556,229 (S)	6.45%
Mr. Huang Fengchao[3]	Interest of a controlled corporation	H Shares	19,122,646 (L)	1.35%
Mr. Li Dalong[4]	Interest of a controlled corporation	H Shares	19,122,646 (L)	1.35%
	Spouse	H Shares	200,000 (L)	0.01%

Notes:

(1) The letter "L" denotes the person's long position in the shares, while the letter "S" denotes the person's short position in the shares.

(2) Mr. Chan Cheuk Hung is the beneficiary of a family trust ("Chen's Family Trust", which is deemed to be interested in 582,100,521 long position and 91,556,229 short position in H shares of the Company). Therefore, Mr. Chan Cheuk Hung is deemed under the SFO to be interested in the shares of the Company held by Chen's Family Trust.

(3) Mr. Huang Fengchao is a limited partner of and owns 99.9% interest in Tianjin Fengxin Commercial Center (Limited Partnership)*天津奉欣商業中心（有限合夥）("Tianjin Fengxin"). Tianjin Fengxin is a limited partner of and respectively owns 94.96% and 95% interest in Shanghai Baoya Business Consultancy Limited Partnership*上海葆雅商務諮詢合夥企業（有限合夥）("Shanghai Baoya") and Shanghai Bingya Business Consultancy Limited Partnership*上海秉雅商務諮詢合夥企業（有限合夥）("Shanghai Bingya"). Mr. Huang is also a general partner of Shanghai Baoya and Shanghai Bingya respectively, and has full control over Shanghai Baoya and Shanghai Bingya. Shanghai Baoya is a general partner of Shanghai Yongya Business Consultancy Limited Partnership* 上海詠雅商務諮詢合夥企業（有限合夥）("Shanghai Yongya") and has full control over Shanghai Yongya. Shanghai Bingya is a limited partner of and owns 50% interest in Shanghai Yongya. Shanghai Yongya is a limited partner of and owns 45% interest in Gongqingcheng A-Living Investment Management Limited Partnership* 共青城雅生活投資管理合夥企業（有限合夥）("Gongqingcheng Investment") which owns 19,122,646 H shares of the Company. Mr. Huang is a limited partner of and owns 4.99% interest in Gongqingcheng Investment. Hence, Mr. Huang Fengchao is deemed under the SFO to be interested in the shares of the Company held by Gongqingcheng Investment.

* for identification purposes only

(4) Mr. Li Dalong is a limited partner of and owns 99.9% interest in Tianjin Chaotai Commercial Center (Limited Partnership)* 天津朝泰商業中心（有限合夥）("Tianjin Chaotai"). Tianjin Chaotai is a limited partner of and owns 47.5% interest in Shanghai Yanya Business Consultancy Limited Partnership* 上海焰雅商務諮詢合夥企業（有限合夥）("Shanghai Yanya") and Shanghai Chengya Business Consultancy Limited Partnership* 上海澄雅商務諮詢合夥企業（有限合夥）("Shanghai Chengya") respectively. Mr. Li is also a general partner of and owns 2.5% interest in Shanghai Yanya and Shanghai Chengya respectively, and has full control over Shanghai Yanya and Shanghai Chengya. Shanghai Yanya is a limited partner of and owns 50% interest in Shanghai Yeya Business Consultancy Limited Partnership* 上海燁雅商務諮詢合夥企業（有限合夥）("Shanghai Yeya"). Shanghai Chengya is a general partner of Shanghai Yeya and has full control over Shanghai Yeya. Shanghai Yeya is a limited partner of and owns 45% interest in Gongqingcheng Investment. Mr. Li is a general partner of Tianjin Fengxin and has full control over Tianjin Fengxin. Tianjin Fengxin is a limited partner of and owns 94.96% interest in Shanghai Baoya. Tianjin Fengxin is a limited partner of and owns 95% interest in Shanghai Bingya. Shanghai Baoya is a general partner of Shanghai Yongya and has full control over Shanghai Yongya. Shanghai Bingya is a limited partner of and owns 50% interest in Shanghai Yongya. Shanghai Yongya is a limited partner of and owns 45% interest in Gongqingcheng Investment which owns 19,122,646 H shares of the Company. Mr. Li is a limited partner of and owns 2.5% interest in Gongqingcheng Investment. Hence, Mr. Li Dalong is deemed under the SFO to be interested in the shares of the Company held by Gongqingcheng Investment. By virtue of the SFO, Mr. Li Dalong is deemed to be interested in the shares of the Company held by his spouse, Ms. Fei Fan.

(ii) Interest in Shares of Associated Corporation of the Company

Name of Director	Name of Associated Corporation	Nature of Interest	Number of Shares	Approximate Percentage of Shareholding Interest
Mr. Chan Cheuk Hung	Agile Group Holdings Limited	Beneficiary of a trust	2,453,096,250 (L)	54.75%
Mr. Huang Fengchao	Agile Group Holdings Limited	Beneficial owner	1,400,000 (L)	0.03%
Ms. Yue Yuan	Agile Group Holdings Limited	Beneficial owner	42,000 (L)	0.00%

Note: The letter "L" denotes the person's long position in the shares.

Save as disclosed above, as of 31 December 2022, neither any of the Directors, the Supervisors nor the chief executives had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Hong Kong 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 (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Securities Dealing Codes.

* for identification purposes only

Substantial Shareholders' Interests and Short Positions in Shares or Underlying Shares of the Company

So far as known to any Director or chief executives of the Company, as of 31 December 2022, the persons (other than Directors, Supervisors or chief executives of the Company) or corporations who had interest or short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of Shareholder	Nature of Interest	Class of Shares	Number of Shares[1]	Approximate Percentage of the Company's Issued Share Capital
Zhongshan A-Living Enterprises Management Services Co., Ltd.* (中山雅生活企業管理服務有限公司)	Beneficial owner	H shares	574,900,521 (L)	40.49%
			40,299,479 (S)	2.84%
Deluxe Star International Limited[2]	Interest of a controlled corporation	H shares	574,900,521 (L)	40.49%
			40,299,479 (S)	2.84%
	Beneficial owner	H shares	7,200,000 (L)	0.50%
Makel International (BVI) Limited[3]	Interest of a controlled corporation	H shares	582,100,521 (L)	40.99%
			40,299,479 (S)	2.84%
Genesis Global Development (BVI) Limited[4]	Interest of a controlled corporation	H shares	582,100,521 (L)	40.99%
			40,299,479 (S)	2.84%
Eastern Supreme Group Holdings Limited[5]	Interest of a controlled corporation	H shares	582,100,521 (L)	40.99%
			91,556,229 (S)	6.45%
Agile Group Holdings Limited[6]	Interest of a controlled corporation	H shares	582,100,521 (L)	40.99%
			91,556,229 (S)	6.45%
Full Choice Investments Limited[7]	Trustee of a trust	H shares	582,100,521 (L)	40.99%
			91,556,229 (S)	6.45%
Top Coast Investment Limited[8]	Interest of a controlled corporation	H shares	582,100,521 (L)	40.99%
			91,556,229 (S)	6.45%
Mr. Chen Zhuo Lin[9]	Beneficiary of a trust	H shares	582,100,521 (L)	40.99%
			91,556,229 (S)	6.45%
Mr. Chan Cheuk Yin[9]	Beneficiary of a trust	H shares	582,100,521 (L)	40.99%
			91,556,229 (S)	6.45%
Ms. Luk Sin Fong, Fion[9]	Beneficiary of a trust	H shares	582,100,521 (L)	40.99%
			91,556,229 (S)	6.45%
Mr. Chan Cheuk Hei[9]	Beneficiary of a trust	H shares	582,100,521 (L)	40.99%
			91,556,229 (S)	6.45%

* for identification purpose only

Name of Shareholder	Nature of Interest	Class of Shares	Number of Shares[1]	Approximate Percentage of the Company's Issued Share Capital
Mr. Chan Cheuk Nam[9]	Beneficiary of a trust	H shares	582,100,521 (L)	40.99%
			91,556,229 (S)	6.45%
Ms. Zheng Huiqiong[10]	Spouse	H shares	582,100,521 (L)	40.99%
			91,556,229 (S)	6.45%
Ms. Lu Liqing[11]	Spouse	H shares	582,100,521 (L)	40.99%
			91,556,229 (S)	6.45%
Ms. Lu Yanping[12]	Spouse	H shares	582,100,521 (L)	40.99%
			91,556,229 (S)	6.45%
Ms. Chan Siu Na[13]	Spouse	H shares	582,100,521 (L)	40.99%
			91,556,229 (S)	6.45%
Lazard Asset Management LLC	Investment manager	H shares	84,042,250 (L)	5.92%
Mr. Liang Hong	Interest of a controlled corporation	H shares	87,179,500 (L)	6.14%
海南希瓦私募基金管理有限責任公司	Investment manager	H shares	76,722,250 (L)	5.40%

Notes:

(1) The letters "L" denotes the person's/corporation's long position in the shares, while the letter "S" denotes the person's/corporation's short position in the shares.

(2) Zhongshan A-Living Enterprises Management Services Co., Ltd.* is wholly-owned by Deluxe Star International Limited and Deluxe Star International Limited is deemed under the SFO to be interested in the shares of the Company held by Zhongshan A-Living Enterprises Management Services Co., Ltd.*.

(3) Deluxe Star International Limited is wholly-owned by Makel International (BVI) Limited and Makel International (BVI) Limited is deemed under the SFO to be interested in the shares of the Company held by Deluxe Star International Limited.

(4) Makel International (BVI) Limited is wholly-owned by Genesis Global Development (BVI) Limited and Genesis Global Development (BVI) Limited is deemed under the SFO to be interested in the shares of the Company held by Makel International (BVI) Limited.

(5) Genesis Global Development (BVI) Limited is wholly-owned by Eastern Supreme Group Holdings Limited and Eastern Supreme Group Holdings Limited is deemed under the SFO to be interested in the shares of the Company held by Genesis Global Development (BVI) Limited.

(6) Eastern Supreme Group Holdings Limited is wholly-owned by Agile Group Holdings Limited and Agile Group Holdings Limited is deemed under the SFO to be interested in the shares of the Company held by Eastern Supreme Group Holdings Limited.

(7) Full Choice Investments Limited is the trustee of Chen's Family Trust, therefore, Full Choice Investments Limited is deemed under the SFO to be interested in the shares of the Company held by Chen's Family Trust.

* for identification purpose only

(8) Top Coast Investment Limited is the settlor of Chen's Family Trust, therefore, Top Coast Investment Limited is deemed under the SFO to be interested in the shares of the Company held by Chen's Family Trust.

(9) Each of Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Ms. Luk Sin Fong, Fion, Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei and Mr. Chan Cheuk Nam is the beneficiary of Chen's Family Trust, therefore, Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Ms. Luk Sin Fong, Fion, Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei and Mr. Chan Cheuk Nam are deemed under the SFO to be interested in the shares of the Company held by Chen's Family Trust. In addition, by virtue of the SFO, Ms. Luk Sin Fong, Fion is deemed to be interested in the shares of the Company held by her spouse, Mr. Chen Zhuo Lin.

(10) By virtue of the SFO, Ms. Zheng Huiqiong is deemed to be interested in the shares of the Company held by her spouse, Mr. Chan Cheuk Yin.

(11) By virtue of the SFO, Ms. Lu Liqing is deemed to be interested in the shares of the Company held by her spouse, Mr. Chan Cheuk Hung.

(12) By virtue of the SFO, Ms. Lu Yanping is deemed to be interested in the shares of the Company held by her spouse, Mr. Chan Cheuk Hei.

(13) By virtue of the SFO, Ms. Chan Siu Na is deemed to be interested in the shares of the Company held by her spouse, Mr. Chan Cheuk Nam.

Save as disclosed above, as of 31 December 2022, the Directors, the Supervisors and the chief executives of the Company are not aware of any other person or corporation having an interest or short position in the shares and underlying shares of the Company which would require to be disclosed to the Company under the provisions of Division 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.

Major Customers and Suppliers

For the year ended 31 December 2022, the aggregate sales and purchases attributable to the Group's five largest customers and suppliers were approximately 14.6% of the Group's total revenue and approximately 5.3% of the Group's total purchase during the Year respectively.

As at 31 December 2022, Agile Holdings, holding approximately 47.44% of the issued share capital of the Company, is one of the Group's five largest customers.

Save as disclosed above, none of the Directors, Supervisors and their respective close associates nor any Shareholders (who are interested in more than 5% of the issued shares of the Company according to the knowledge of the Directors) had any interests in any of the five largest customers or suppliers of the Group.

Controlling Shareholders' Interests in Contracts of Significance

Save as disclosed in the paragraph headed "Continuing Connected Transactions" below, there was no contract of significance (whether for the provision of services to the Company or not) in relation to the Group's business to which the Company or any of its subsidiaries was a party and a controlling Shareholder or any of its subsidiaries is the other party during the Year or subsisted as at 31 December 2022.

Related Party Transactions

A summary of all related party transactions, in accordance with the Hong Kong Financial Reporting standards, entered into by the Group during the year ended 31 December 2022 is contained in note 36 to the consolidated financial statements. Save for those disclosed in the section headed "Continuing Connected Transactions" below, certain transactions reported under "Rental expenses" of note 36 also fell under the definition of "continuing connected transactions" under Chapter 14A of the Listing Rules but are fully exempt from the reporting, annual review, announcement and the independent shareholders' approval requirements. The transactions reported under "Provision of services" of note 36, except for the transactions entered into between the Group, Kaifeng Guokong Songdu Property Co., Ltd.*（開封國控宋都置業有限公司）, Zhongshan Yingxuan Property Development Co., Ltd.*（中山市盈軒房地產開發有限公司）, Nanjing Qiya Real Estate Co., Ltd.*（南京奇雅置業有限公司）fell under the definition of "continuing connected transactions" as disclosed in the section headed "Continuing Connected Transactions" below. Other related party transactions did not constitute "connected transactions" or "continuing connected transactions" under Chapter 14A of the Listing Rules.

Save for the continuing connected transactions disclosed below, during the Year, there were no other transactions which, in the opinion of the Directors, constituted connected transactions or continuing connected transactions that were subject to the reporting requirements under the Listing Rules.

The Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the connected transactions or continuing connected transactions entered into by the Group during the year ended 31 December 2022.

Continuing Connected Transactions

For the year ended 31 December 2022, the Group entered into the following continuing connected transactions, as defined in the Listing Rules, with connected persons of the Company.

(1) Continuing connected transactions subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirement

(i) Property Management Services Framework Agreement

On 23 September 2020, the Company entered into a property management services framework agreement (the "Property Management Services Framework Agreement") with Agile Holdings, pursuant to which the Group will provide to Agile Group property management services, including but not limited to (i) onsite security, cleaning, greening and gardening, repair and maintenance services as well as customer services to the property sales centers of Agile Group at the pre-delivery stage; (ii) operations and management services for the unsold property units; (iii) disinfection and hygiene services; (iv) property management services for the diversified businesses of Agile Holdings, including but not limited to environmental protection, urban renewal and real estate construction management; and (v) properties owned by Agile Group requiring the above services.

* for identification purposes only

Pursuant to the Property Management Services Framework Agreement, the annual caps for the transactions contemplated under the Property Management Services Framework Agreement for the three years ending 31 December 2023 are expected not to exceed RMB1,030,000,000, RMB1,300,000,000 and RMB1,530,000,000, respectively. For the year ended 31 December 2022, the annual fee payable by Agile Holdings to the Group under the Property Management Services Framework Agreement was approximately RMB510,569,000, which is within the annual cap of RMB1,300,000,000.

Agile Holdings is the Controlling Shareholder and therefore, is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the Property Management Services Framework Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The transactions contemplated under the Property Management Services Framework Agreement were approved by the independent Shareholders by way of ordinary resolution at the Company's extraordinary general meeting held on 9 November 2020.

(ii) Property Agency Services Framework Agreement

On 23 September 2020, the Company entered into a property agency services framework agreement (the "Property Agency Services Framework Agreement") with Agile Holdings, pursuant to which the Group will provide to Agile Group property agency services, including but not limited to, providing marketing and sales services for properties developed by Agile Group.

Pursuant to the Property Agency Services Framework Agreement, the annual caps for the transactions contemplated under the Property Agency Services Framework Agreement for the three years ending 31 December 2023 are expected not to exceed RMB1,400,000,000, RMB1,800,000,000 and RMB2,350,000,000, respectively. For the year ended 31 December 2022, the annual fee payable by Agile Holdings to the Group under the Property Agency Services Framework Agreement was approximately RMB541,506,000, which is within the annual cap of RMB1,800,000,000.

Agile Holdings is the Controlling Shareholder and therefore, is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the Property Agency Services Framework Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The transactions contemplated under the Property Agency Services Framework Agreement were approved by the independent Shareholders by way of ordinary resolution at the Company's extraordinary general meeting held on 9 November 2020.

(iii) Framework Referral Agreement

On 23 September 2020, the Company entered into a framework referral agreement (the "Framework Referral Agreement") with Agile Holdings, pursuant to which the Group will provide marketing referral services in respect of the sales of residential properties and car parking spaces by Agile Group in their development projects to Agile Group including but not limited to (i) marketing activities through the utilisation of the community resources and other sales channel of the Group; (ii) customers' information collection; and (iii) customers' referrals.

Pursuant to the Framework Referral Agreement, the annual caps for the transactions contemplated under the Framework Referral Agreement for the three years ending 31 December 2023 are expected not to exceed RMB550,000,000, RMB735,000,000 and RMB985,000,000, respectively. For the year ended 31 December 2022, the annual fee payable by Agile Holdings to the Group under the Framework Referral Agreement was approximately RMB345,254,000, which is within the annual cap of RMB735,000,000.

Agile Holdings is the Controlling Shareholder and therefore, is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the Framework Referral Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The transactions contemplated under the Framework Referral Agreement were approved by the independent Shareholders by way of ordinary resolution at the Company's extraordinary general meeting held on 9 November 2020.

(2) Continuing connected transactions subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders' approval requirement

(i) Property Lease Framework Agreement

On 23 September 2020, the Company entered into a property lease framework agreement (the "Property Lease Framework Agreement") with Agile Holdings, pursuant to which the Company may lease from Agile Group office, clubhouse, employees dormitory and parking lot premises.

Pursuant to the Property Lease Framework Agreement, the annual caps for the transactions contemplated under the Property Lease Framework Agreement for the three years ending 31 December 2023 are expected not to exceed RMB8,230,000, RMB8,830,000 and RMB9,310,000, respectively. For the year ended 31 December 2022, the annual fee payable by the Company to Agile Holdings under the Property Lease Framework Agreement was approximately RMB2,866,000, which is within the annual cap of RMB8,830,000.

Agile Holdings is the Controlling Shareholder and therefore, is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the Property Lease Framework Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(ii) Turnkey Furnishing Services Framework Agreement

On 23 September 2020, the Company entered into a turnkey furnishing services framework agreement (the "Turnkey Furnishing Services Framework Agreement") with Agile Holdings, pursuant to which the Group will provide turnkey furnishing consultancy services and relevant design, supervision, acceptance and ancillary consultancy services for properties developed by Agile Group.

Pursuant to the Turnkey Furnishing Services Framework Agreement, the annual caps for the transactions contemplated under the Turnkey Furnishing Services Framework Agreement for the three years ending 31 December 2023 are expected not to exceed RMB68,000,000, RMB82,000,000 and RMB99,000,000, respectively. For the year ended 31 December 2022, the annual fee payable by Agile Holdings to the Group under the Turnkey Furnishing Services Framework Agreement was approximately RMB53,259,000, which is within the annual cap of RMB82,000,000.

Agile Holdings is the Controlling Shareholder and therefore, is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the Turnkey Furnishing Services Framework Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review and announcement requirements but exempt from circular and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(iii) Advertising and Public Relations Services Framework Agreement

On 23 September 2020, the Company entered into an advertising and public relations services framework agreement (the "Advertising and Public Relations Services Framework Agreement") with Agile Holdings, pursuant to which the Group will provide to Agile Group services such as advertisement design, media agent and public relations.

Pursuant to the Advertising and Public Relations Services Framework Agreement, the annual caps for the transactions contemplated under the Advertising and Public Relations Services Framework Agreement for the three years ending 31 December 2023 are expected not to exceed RMB120,000,000, RMB160,000,000 and RMB200,000,000, respectively. For the year ended 31 December 2022, the annual fee payable by Agile Holdings to the Group under the Advertising and Public Relations Services Framework Agreement was approximately RMB38,888,000, which is within the annual cap of RMB160,000,000.

Agile Holdings is the Controlling Shareholder and therefore, is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the Advertising and Public Relations Services Framework Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(iv) Pre-delivery Inspection Services Framework Agreement

On 23 September 2020, the Company entered into a pre-delivery inspection services framework agreement (the "Pre-delivery Inspection Services Framework Agreement") with Agile Holdings, pursuant to which the Group will provide to Agile Group pre-delivery inspection services, including but not limited to conducting house inspection on properties developed by Agile Group upon completion of construction and before delivery of the same to homeowners.

Pursuant to the Pre-delivery Inspection Services Framework Agreement, the annual caps for the transactions contemplated under the Pre-delivery Inspection Services Framework Agreement for the three years ending 31 December 2023 are expected not to exceed RMB160,000,000, RMB190,000,000 and RMB230,000,000, respectively. For the year ended 31 December 2022, the annual fee payable by Agile Holdings to the Group under the Pre-delivery Inspection Services Framework Agreement was approximately RMB85,768,000, which is within the annual cap of RMB190,000,000.

Agile Holdings is the Controlling Shareholder and therefore, is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the Pre-delivery Inspection Services Framework Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(v) Technology Services Framework Agreement

On 23 September 2020, the Company entered into a technology services framework agreement (the "Technology Services Framework Agreement") with Agile Holdings, pursuant to which the Group will provide technology products and relevant services to Agile Holdings and/or its subsidiaries, including but not limited to (i) intelligent products; (ii) software products; (iii) intelligent home and sale of residential accessory products; (iv) software development; (v) information system integration services; (vi) intelligent design; (vii) intelligent engineering services; (viii) software platform technology services; and (ix) relevant consultancy services.

Pursuant to the Technology Services Framework Agreement, the annual caps for the transactions contemplated under the Technology Services Framework Agreement for the three years ending 31 December 2023 are expected not to exceed RMB210,000,000, RMB230,000,000 and RMB250,000,000, respectively. For the year ended 31 December 2022, the annual fee payable by Agile Holdings to the Group under the Technology Services Framework Agreement was approximately RMB132,044,000, which is within the annual cap of RMB230,000,000.

Agile Holdings is the Controlling Shareholder and therefore, is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the Technology Services Framework Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(vi) Consultation Services Framework Agreement

On 23 September 2020, the Company entered into a consultation services framework agreement (the "Consultation Services Framework Agreement") with Agile Holdings, pursuant to which the Group will provide consultation services in relation to property management to the property projects of Agile Group at their preparation stage, design stage, assessment of construction design stage, construction stage and delivery stage, including but not limited to (i) formulation of consultation services plan in accordance with the construction of the project and the target customers; (ii) provision of consultation on the master plan of the project and relevant design in relation to accessory facilities; (iii) inspection of construction progress and quality; (iv) related preparations for preliminary project planning, sourcing of materials and project execution in the property development projects of the Agile Group; and (v) monitoring of repair and rectification service.

Pursuant to the Consultation Services Framework Agreement, the annual caps for the transactions contemplated under the Consultation Services Framework Agreement for the three years ending 31 December 2023 are expected not to exceed RMB237,000,000, RMB240,000,000 and RMB250,000,000, respectively. For the year ended 31 December 2022, the annual fee payable by Agile Holdings to the Group under the Consultation Services Framework Agreement was approximately RMB96,535,000, which is within the annual cap of RMB240,000,000.

Agile Holdings is the Controlling Shareholder and therefore, is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the Consultation Services Framework Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(vii) Parking Space Leasing and Sales Agency Services Framework Agreement

On 22 April 2022, the Company entered into a parking space leasing and sales agency services framework agreement (the "Parking Space Leasing and Sales Agency Services Framework Agreement") with Agile Holdings, pursuant to which the Group will provide parking space sales and leasing services to the Agile Group, including but not limited to (i) parking space sales agency service; and (ii) parking space leasing agency service.

Pursuant to the Parking Space Leasing and Sales Agency Services Framework Agreement, the annual caps for the (i) deposits and (ii) agency fee for the transactions contemplated under the Parking Space Leasing and Sales Agency Services Framework Agreement for the three years ending 31 December 2024 are expected not to exceed (i) RMB700,000,000, RMB700,000,000 and RMB700,000,000 and (ii) RMB145,000,000, RMB170,000,000 and RMB170,000,000, respectively. For the year ended 31 December 2022, the annual fees of (i) deposits and (ii) the agency fee payable by Agile Holdings to the Group under the Parking Space Leasing and Sales Agency Services Framework Agreement were RMB700,000,000 and approximately RMB110,897,000, respectively, which are within the annual caps of RMB700,000,000 and RMB145,000,000.

Agile Holdings is the Controlling Shareholder and therefore, is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the Parking Space Leasing and Sales Agency Services Framework Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Confirmation of Independent Non-Executive Directors

Pursuant to Rule 14A.55 of the Listing Rules, all the independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that they have been entered into:

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

(ii) on normal commercial terms; and

(iii) in accordance with the relevant framework agreements on terms that are fair and reasonable and in the interests of Shareholders as a whole.

Confirmation of the Auditors

The Company's auditor was engaged to report on the Group's continuing connected transactions for the year ended 31 December 2022 in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Hong Kong Stock Exchange.

Events after the Reporting Period

On 13 February 2023, the Company entered into five supplemental agreements with Agile Holdings to vary the payment terms under each of (i) Turnkey Furnishing Services Framework Agreement; (ii) Advertising and Public Relations Services Framework Agreement; (iii) Pre-delivery Inspection Services Framework Agreement; (iv) Technology Services Framework Agreement; and (v) Consultation Services Framework Agreement entered into between the Company and Agile Holdings dated 23 September 2020.

Litigation

During the year ended 31 December 2022, the Company was not involved in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatening against the Company.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of its Directors, for the year ended 31 December 2022 and as of the date of this annual report, the Company had maintained sufficient public float as required under the Listing Rules.

Corporate Governance

The Company had adopted the principles and code provisions as set out in the Corporate Governance Code contained in Part 2 of Appendix 14 to the Listing Rules and complied with the applicable code provisions throughout the Year.

Auditor

The consolidated financial statements of the Group for the year ended 31 December 2022 have been audited by Grant Thornton Hong Kong Limited, Certified Public Accountants, who shall retire at the 2022 AGM. A resolution will be proposed at the 2022 AGM to re-appoint Grant Thornton Hong Kong Limited, Certified Public Accountants, as auditor of the Company.

Audit Committee

The audit committee of the Company had discussed with the management, and reviewed, the audited consolidated financial statements of the Group for the year ended 31 December 2022 as set out in this annual report.

Tax Relief and Exemption of Holders of Listed Securities

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

Sustainable Development

The Group believes that promoting sustainability is as important as achieving long-term business growth. It has therefore made continuous efforts to maintain a high degree of sustainability in its operations. Moreover, it values opportunities to learn more about the needs and expectations of the communities in which it operates, as well as those of other stakeholders. The Group is committed to strengthening its management efforts to promote sustainability through good corporate governance, environmental protection, community investment and workplace practices.

To demonstrate its commitment to transparency and accountability to its stakeholders, the Company will issue separately an Environmental, Social and Governance Report under Environmental, Social and Governance Reporting Guide as specified in Appendix 27 to the Listing Rules. The report will present the Company's commitment to sustainable development during the Year under review, and it will cover the significant economic, environmental and social achievements and impacts arising from the activities of the Group and its joint ventures.

On behalf of the Board

A-Living Smart City Services Co., Ltd.
Chan Cheuk Hung/Huang Fengchao
Co-chairman of the Board

Hong Kong, 28 March 2023

Report of the Supervisory Committee

I. Composition of the Supervisory Committee

As of 31 December 2022, the supervisory committee of the Company (the "Supervisory Committee") consisted of five members, of which there were two employee representative Supervisors, one shareholder representative Supervisor and two external Supervisors (collectively, the "Supervisors"). The terms of office of Supervisors shall be three years, and is renewable upon re-election after the expiry of his/her term in accordance with the requirements of the articles of association of the Company (the "Articles of Association").

The composition of the Supervisory Committee is as follows:

Name	Position	Date of Appointment	Responsibilities
Mr. Liu Jianrong	President of the Supervisory Committee, employee representative Supervisor	21 July 2020	Presiding the work of the Supervisory Committee, responsible for supervising the board of directors (the "Board") and the senior management of the Company
Ms. Huang Zhixia	Employee representative Supervisor	21 July 2017	Responsible for supervising the Board and the senior management of the Company
Mr. Shi Zhengyu	Shareholder representative Supervisor	21 July 2017	Responsible for supervising the Board and the senior management of the Company
Mr. Wang Gonghu	External Supervisor	21 July 2020	Responsible for supervising the Board and the senior management of the Company
Mr. Wang Shao	External Supervisor	21 August 2017	Responsible for supervising the Board and the senior management of the Company

II. Major Works of the Supervisory Committee in 2022

In 2022, being accountable to all shareholders of the Company (the "Shareholders"), the members of the Supervisory Committee of the Company strengthened the coordination and cooperation between the Board and the senior management and seriously performed the duties of supervision, for purposes of better playing a supervisory role of the Supervisory Committee, promoting the standardized operation and healthy development of the Company, and safeguarding the rights and interests of the Company and the Shareholders.

(i) Convening meetings of the Supervisory Committee according to law, and earnestly performing supervisory duties

In 2022, the Supervisory Committee held a total of 4 meetings of the Supervisory Committee.

The Supervisors carefully reviewed the meeting materials and fully studied and discussed the proposals before attending the meetings of the Supervisory Committee. The Supervisors attended meetings of the Supervisory Committee and earnestly performed supervisory duties. The details of Supervisors attendance at the meetings of the Supervisory Committee held are as follows:

Name	Number of supervisory meetings eligible to attend	Attendance in person	Attendance by proxy	Absence
Mr. Liu Jianrong	4	4	0	0
Ms. Huang Zhixia	4	4	0	0
Mr. Shi Zhengyu	4	4	0	0
Mr. Wang Gonghu	4	4	0	0
Mr. Wang Shao	4	3	1	0

(ii) Supervising the Directors and Senior Management of the Company in their performance of duties

In 2022, the members of the Supervisory Committee reviewed the resolutions of the Board by attending board meetings, examined the daily operation and management of the Company and supervised the directors and senior management of the Company in their performance of duties.

(iii) Supervising the Continuing Connected Transactions of the Company with connected persons

In 2022, the members of the Supervisory Committee reviewed the continuing connected transactions of the Company by attending Supervisory Committee meetings. The members of the Supervisory Committee also attended the 2021 annual general meeting held on 25 May 2022.

(iv) Monitoring Company's Operation

In 2022, members of the Supervisory Committee participated in discussions of major operating decisions, reviewed proposals submitted to the Board for consideration and examined and monitored the operation of the Company through attending Board meetings and general meetings of the Shareholders held by the Company. The Supervisory Committee is of the opinion that the business activities of the Company complied with relevant laws and regulations and the Articles of Association. Meanwhile, the Directors and senior management of the Company have diligently performed their duties and earnestly implemented the resolutions of the general meetings of the shareholders to safeguard the interests of the Shareholders and the benefit of the Company. In the course of examining the operation of the Company and supervising the performance of duties of the Directors and senior management, the Supervisory Committee has not found any of their behaviors that contravened any applicable laws and regulations or the Articles of Association or any issues that has caused damage to the interests of the Shareholders and the Company.

(v) Focusing on strategy fulfillment and implementation of effective supervision

The Supervisory Committee actively supported the Company's major work and paid close attention to the Company's major events and performed well in supervision and promotion duties.

III. Independent Opinions of Supervisory Committee

(i) Lawful Operation

In 2022, the Company's operations were in compliance with laws and regulations, and its decision-making procedures conformed to relevant laws, regulations and the Articles of Association. Directors and senior management of the Company duly performed their duties. The Supervisors Committee is not aware of any breach of laws, regulations and the Articles of Association or any actions which might be detrimental to the interests of the Company when Directors and senior management were performing their duties.

(ii) Annual Report

The preparation and review procedures of this annual report complies with laws and regulations and regulatory provisions. The contents of this annual report reflected the Company's actual situation truly, accurately and completely.

(iii) Performance Appraisal Results of Directors and Senior Management

In the view of the Supervisory Committee, Directors and senior management of the Company were in compliance with laws and carried out their duties responsibly and they performed their work in a practicable, diligent and due manner. The decision-making procedures were lawful.

(iv) Continuous Connected Transactions

In 2022, the continuous connected transactions of the Company were conducted based on business principles. There were no activities which impaired the interests of the Company in continuous connected transactions. The approval, voting, disclosure and implementation of continuous connected transactions complied with applicable laws and regulations and the Articles of Association.

IV. Major Initiatives for 2023

The Supervisory Committee will be strictly in accordance with the laws and regulations, Articles of Association and the Terms of Reference of the Supervisory Committee of the Company and other requirements of the relevant provisions to conduct discussion of daily business of the Supervisory Committee and diligently and responsibly perform their duties, including (1) to convene meetings of the Supervisory Committee according to the actual situation of the Company and review and consider various resolutions; (2) to review the Company's financial position by regularly understanding and reviewing financial reports, and monitor the financial operation of the Company in order to prevent against operational risks; and (3) diligently, responsibly and actively to participate in the Board meetings, general meetings and other important meetings as well as the decision-making process in relation to material matters to better safeguard the interests of the Company and the Shareholders.

Grant Thornton
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To the members of A-Living Smart City Services Co., Ltd.
(incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of A-Living Smart City Services Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages 101 to 204, which comprise the consolidated balance sheet as at 31 December 2022, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirement of Hong Kong Companies Ordinance.

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment of goodwill impairment Refer to notes 4(a) and 17 to the consolidated financial statements. As at 31 December 2022, the Group had goodwill of RMB3,314,901,000 primarily in relation to the Group's acquisition of other property management services groups (the "Acquirees"). Goodwill is tested for impairment annually, or when there are events or changes in circumstances indicate that it might be impaired. For the purpose of impairment assessment, goodwill was allocated to each group of cash-generated units of the Acquirees. Management assessed impairment of goodwill with the assistance of an independent external valuer (the "External Valuer") and determined the recoverable amounts based on a value-in-use ("VIU") calculation using cash flow projections based on financial budgets approved by management. The key assumptions considered primarily include (i) compound annual growth rate of revenue, (ii) earnings before interest, tax, depreciation and amortisation ("EBITDA") margin, (iii) average trade receivables turnover days, (iv) long-term growth rate, and (v) pre-tax discount rate.	We have performed the following procedures in respect of the assessment of goodwill impairment: • Understood, evaluated and tested the internal control over the impairment assessment of goodwill and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors, such as complexity, subjectivity, changes and susceptibility to management bias or fraud; • Evaluated the competency, capabilities and objectivity of the External Valuer; • Evaluated the appropriateness of the methodology and the reasonableness of key assumptions adopted with the involvement of our internal valuation experts;

Key Audit Matter	How our audit addressed the Key Audit Matter
We identified the impairment of goodwill as a key audit matter because the significance of the goodwill balance and the estimation of recoverable amount is subject to high degree of estimation uncertainty. The inherent risk in relation to the impairment assessment of goodwill is considered significant due to the complexity of the impairment models and subjectivity of significant assumptions used.	• Challenged and assessed the reasonableness of the key assumptions adopted by management as below: (i) evaluated the historical estimation accuracy of the cash flow forecast by, for example, comparing the forecast used in the prior year to the actual performance of the business in the current year; (ii) evaluated the reasonableness of the key assumptions used in the cash flow forecast, including compound annual growth rate of revenue, EBITDA margin and average trade receivables turnover days during the forecast period, we compared them with historical financial data and approved budgets; (iii) for the long-term growth rate, we assessed it with reference to the long-term expected inflation rate based on our independent research; (iv) assessed the pre-tax discount rate with reference to comparable listed companies based on our industry knowledge and independent research done by us; • Tested source data to supporting evidence on a sample basis, such as approved budgets and available market data and considered the reasonableness of these budgets; • Evaluated the reasonableness of the sensitivity analysis performed by management on the key assumptions to understand the impact of the reasonable changes in assumptions on the recoverable amount; • Assessed the adequacy of the disclosures related to impairment assessment of goodwill; and • Considered whether the judgements made in selecting the methodology and the key assumptions would give rise to indicators of possible management bias. Based on the above, we found that the significant management's judgements and the key assumptions adopted in the goodwill impairment assessment were supported by available evidence.

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment of expected credit losses of trade receivables Refer to notes 3.1.2, 4(c) and 20 to the consolidated financial statements. As at 31 December 2022, the gross carrying amount of trade receivables amounted to RMB6,929,341,000, which represented approximately 30.5% of the total assets of the Group. Management has assessed the expected credit losses ("ECL") of trade receivables with a loss allowance of RMB776,135,000 made against trade receivables as at 31 December 2022. Management applied the simplified approach under HKFRS 9 to measure the lifetime ECL of trade receivables. To measure the ECL, trade receivables were grouped based on shared credit risk characteristics. Management assessed the ECL based on estimation about risk of default and expected loss rates, and judgement was used in making these assumptions and selecting the inputs to the impairment calculation, including the historical settlement records, credit ratings, financial positions of the customers and other factors that impacted their ability of repayment. Management also took into account of the current market conditions and forward-looking factors.	We have performed the following procedures in respect of the assessment of ECL of trade receivables: • Obtained an understanding of the Group's internal control and assessment process of ECL of trade receivables, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and other inherent risk of factors, such as complexity and subjectivity; • Evaluated and validated, on a sample basis, the key controls over management's assessment of the ECL of trade receivables including the review of ageing analysis; • Assessed the appropriateness of the credit loss provisioning methodology adopted by management including the appropriateness of customer grouping based on our understanding on the Group's business process;

Key Audit Matter	How our audit addressed the Key Audit Matter
The assessment of ECL of trade receivables is considered as a key audit matter given the significance of the trade receivables balance. In addition, the judgements and estimations in relation to assessment of ECL are subject to high degree of estimation uncertainty. The inherent risk in relation to the assessment of ECL is considered relatively higher due to the complexity of impairment models and subjectivity of significant assumptions and data used.	• Evaluated the appropriateness of the methodology and the reasonableness of key assumptions adopted: (i) assessed the appropriateness of customer grouping based on our understanding on the Group's business process, the credit control process and the credit risk characteristics of trade receivables; (ii) assessed the reasonableness of significant assumptions used in estimating the loss rate referencing to customers' credit information, the historical settlement performance, and collaborated management's explanations with publicly available information and supporting evidence; (iii) challenged and evaluated management's assessment on the financial positions of the customers, existing markets conditions and forward-looking factors with reference to our understanding of Group's business, industry and external macroeconomic data; • Tested, on a sample basis, the accuracy of the ageing analysis of trade receivables prepared by management to supporting documents; • Checked the mathematical accuracy of the calculation of the provision for loss allowance; and • Assessed the adequacy of the disclosures related to assessment of ECL of trade receivables. Based on the above, we found that the key judgements and estimates made by management in relation to the assessment of ECL of trade receivables were supported by available evidences.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all the information in the 2022 annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Consolidated Financial Statements

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

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

The directors assisted by the Audit Committee are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

28 March 2023

Ng Ka Kong
Practising Certificate No.: P06919

Consolidated Income Statement

	Notes	Year ended 31 December 2022 RMB'000	2021 RMB'000
Revenue	6	**15,378,576**	14,080,089
Cost of sales	7	**(11,994,599)**	(10,211,343)
Gross profit		**3,383,977**	3,868,746
Selling and marketing expenses	7	**(93,446)**	(141,635)
Administrative expenses	7	**(851,665)**	(778,131)
Net impairment losses on financial assets	3.1.2	**(465,623)**	(160,181)
Other income	9	**232,246**	178,059
Other gains – net	10	**208,634**	102,070
Operating profit		**2,414,123**	3,068,928
Finance costs	11	**(18,565)**	(24,888)
Share of post-tax profits of joint ventures and associates	12(b)	**56,393**	31,534
Profit before income tax		**2,451,951**	3,075,574
Income tax expenses	13	**(517,019)**	(510,005)
Profit for the year		**1,934,932**	2,565,569
Profit attributable to:			
– Shareholders of the Company		**1,839,601**	2,308,458
– Non-controlling interests ("NCI")		**95,331**	257,111
		1,934,932	2,565,569
Earnings per share (expressed in RMB per share)			
– Basic and diluted earnings per share	14	**1.30**	1.67

The above consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Profit for the year	1,934,932	2,565,569
Other comprehensive (loss)/income		
Item that will not be reclassified to profit or loss		
– changes in fair value of financial assets at fair value through other comprehensive income, net of tax	(8,357)	3,764
Total comprehensive income for the year	1,926,575	2,569,333
Attributable to:		
– Shareholders of the Company	1,834,625	2,310,717
– Non-controlling interests	91,950	258,616
	1,926,575	2,569,333

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

		As at 31 December	
		2022	2021
	Notes	**RMB'000**	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment ("PPE")	15(a)	**602,543**	506,831
Right-of-use assets	15(b)	**51,716**	73,868
Investment properties	16	**252,796**	88,916
Other intangible assets	17	**1,372,249**	1,350,661
Goodwill	17	**3,314,901**	3,123,231
Deferred income tax assets	28	**258,961**	137,701
Investment accounted for using the equity method	12(b)	**1,169,571**	1,111,141
Prepayments	20	**362,280**	350,952
Financial assets at fair value through other comprehensive income ("FVOCI")	19	**12,593**	23,868
Financial assets at fair value through profit or loss ("FVPL")	22	**3,238**	3,249
		7,400,848	6,770,418
Current assets			
Trade and other receivables and prepayments	20	**10,353,331**	5,105,345
Inventories	21	**46,968**	38,533
Financial assets at fair value through profit or loss	22	**1,043,514**	527,043
Restricted cash	23	**57,791**	3,349,493
Cash and cash equivalents	23	**3,799,262**	4,390,545
		15,300,866	13,410,959
Total assets		**22,701,714**	20,181,377
EQUITY			
Equity attributable to shareholders of the Company			
Share capital	24	**1,420,001**	1,420,001
Other reserves	25	**5,687,588**	5,614,759
Retained earnings		**5,356,798**	4,156,348
		12,464,387	11,191,108
Non-controlling interests		**1,660,207**	1,719,820
Total equity		**14,124,594**	12,910,928

	Notes	As at 31 December 2022 RMB'000	2021 RMB'000
LIABILITIES			
Non-current liabilities			
Other payables	27	**6,672**	35,190
Contract liabilities	6(a)	**19,727**	84,344
Borrowings	26	**11,749**	12,445
Lease liabilities	15(b)	**25,298**	30,590
Deferred income tax liabilities	28	**325,539**	351,060
		388,985	513,629
Current liabilities			
Trade and other payables	27	**6,022,128**	4,808,002
Contract liabilities	6(a)	**1,340,277**	1,180,991
Current income tax liabilities		**561,434**	547,217
Borrowings	26	**93,071**	66,084
Lease liabilities	15(b)	**26,892**	47,168
Financial liabilities for put options	29	**144,333**	107,358
		8,188,135	6,756,820
Total liabilities		**8,577,120**	7,270,449
Total equity and liabilities		**22,701,714**	20,181,377

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 101 to 204 were approved by the Board of Directors on 28 March 2023 and were signed on its behalf.

Chan Cheuk Hung
Director

Huang Fengchao
Director

Consolidated Statement of Changes in Equity

	Notes	Attributable to the shareholders of Company					
		Share capital RMB'000 (Note 24)	Other reserves RMB'000 (Note 25)	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2022		1,420,001	5,614,759	4,156,348	11,191,108	1,719,820	12,910,928
Comprehensive income							
Profit for the year		–	–	1,839,601	1,839,601	95,331	1,934,932
Other comprehensive loss, net of tax		–	(4,975)	–	(4,975)	(3,382)	(8,357)
Total comprehensive (loss)/income		–	(4,975)	1,839,601	1,834,626	91,949	1,926,575
Transactions with shareholders of the Company							
Dividends to the shareholders of the Company	30	–	–	(582,200)	(582,200)	–	(582,200)
Dividends to the NCI		–	–	–	–	(155,439)	(155,439)
Acquisition of subsidiaries		–	–	–	–	2,115	2,115
Capital injection from the NCI		–	–	–	–	5,395	5,395
Share-based payments		–	39,990	–	39,990	–	39,990
Other transaction with the NCI	25(b)	–	(19,137)	–	(19,137)	(3,633)	(22,770)
Appropriation of statutory reserves	25(a)	–	56,951	(56,951)	–	–	–
		–	77,804	(639,151)	(561,347)	(151,562)	(712,909)
Balance at 31 December 2022		1,420,001	5,687,588	5,356,798	12,464,387	1,660,207	14,124,594

	Note	Share capital RMB'000 (Note 24)	Other reserves RMB'000 (Note 25)	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
		Attributable to the shareholders of Company					
Balance at 1 January 2021		1,333,334	3,402,511	2,618,957	7,354,802	1,302,598	8,657,400
Comprehensive income							
Profit for the year		–	–	2,308,458	2,308,458	257,111	2,565,569
Other comprehensive income, net of tax		–	2,259	–	2,259	1,505	3,764
Total comprehensive income		–	2,259	2,308,458	2,310,717	258,616	2,569,333
Transactions with shareholders of the Company							
Dividends to the shareholders of the Company	30	–	–	(693,334)	(693,334)	–	(693,334)
Dividends to the NCI		–	–	–	–	(191,163)	(191,163)
Placing of new H Shares		86,667	2,590,844	–	2,677,511	–	2,677,511
Acquisition of subsidiaries		–	–	–	–	519,626	519,626
Disposal of subsidiaries		–	–	–	–	(101,386)	(101,386)
Transfer of gains on disposal of financial assets at FVOCI to retained earnings		–	(134)	223	89	(89)	–
Capital injection from the NCI		–	–	–	–	7,939	7,939
Other transaction with the NCI		–	(458,677)	–	(458,677)	(76,321)	(534,998)
Appropriation of statutory reserves		–	77,956	(77,956)	–	–	–
		86,667	2,209,989	(771,067)	1,525,589	158,606	1,684,195
Balance at 31 December 2021		1,420,001	5,614,759	4,156,348	11,191,108	1,719,820	12,910,928

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

		Year ended 31 December	
		2022	2021
	Notes	**RMB'000**	RMB'000
Cash flows from operating activities			
Cash (used in)/generated from operations	31(a)	**(226,156)**	3,165,492
Income tax paid		**(707,547)**	(520,957)
Net cash (used in)/from operating activities		**(933,703)**	2,644,535
Cash flows from investing activities			
Purchases of PPE		**(237,191)**	(83,421)
Purchase of investment properties		**(10,000)**	(8,412)
Proceeds from disposal of PPE and investment properties		**11,747**	30,766
Purchase of other intangible assets		**(2,644)**	(3,968)
Proceeds from disposal of other intangible assets		**–**	128
Investments in joint ventures and associates		**(4,847)**	(95,800)
Refund/(Payment) of the deposit for potential acquisition		**140,915**	(290,970)
Loans to related parties		**–**	(194,725)
Loans repayments received from related parties		**59,638**	–
Loans to third parties		**(4,840,000)**	(426,200)
Loans repayments from third parties		**4,948,000**	406,200
Interest received		**40,609**	4,230
Acquisition of financial assets at FVPL	3.3(b)	**(3,106,730)**	(3,007,440)
Proceeds from disposal of financial assets at FVPL and FVOCI		**1,848,628**	3,145,996
Dividend received		**–**	18,038
Cash advances to related parties		**–**	(11,409)
Cash inflow/(outflow) from acquisition of subsidiaries	34(a)	**36,787**	(726,569)
Cash (outflow)/inflow from disposal of subsidiaries	35	**(1,000,115)**	133,376
Decrease/(Increase) in restricted bank deposits		**3,300,200**	(3,300,200)
Net cash from/(used in) investing activities		**1,184,997**	(4,410,380)

	Note	Year ended 31 December 2022 RMB'000	2021 RMB'000
Cash flows from financing activities			
Capital injection from the NCI		**5,349**	7,939
Cash advances from third parties		**15,743**	64,579
Repayment to third parties		**(10,366)**	(49,305)
Proceeds from borrowings		**95,418**	20,264
Repayments of borrowings		**(69,127)**	(306,439)
Principal elements and interest of lease payments		**(55,812)**	(44,640)
Interest paid		**(3,284)**	(1,450)
Receipt of cash advances from related parties		**54,139**	25,095
Dividends paid to shareholders		**(582,200)**	(693,334)
Dividends paid to the NCI		**(159,528)**	(181,631)
Placing of new H Shares		**–**	2,677,511
Other transactions with the NCI		**(127,912)**	(415,849)
Net cash generated (used in)/from financing activities		**(837,580)**	1,102,740
Net decrease in cash and cash equivalents		**(586,286)**	(663,105)
Cash and cash equivalents at beginning of year		**4,390,545**	5,056,976
Effect of exchange rate changes on cash and cash equivalents		**(4,997)**	(3,326)
Cash and cash equivalents at end of year	23	**3,799,262**	4,390,545

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. General Information

A-Living Smart City Services Co., Ltd. (the "Company") was established in the People's Republic of China (the "PRC") on 26 June 1997. On 21 July 2017, the Company was converted from a limited liability company into a joint stock company with limited liability. The address of the Company's registered office is Management Building, Xingye Road, Agile Garden, Sanxiang Town, Zhongshan, Guangdong Province, PRC.

The Company was listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") on 9 February 2018.

The Company's parent company is Zhongshan A-Living Enterprise Management Services Co., Ltd. ("Zhongshan A-Living"), an investment holding company established in the PRC, and its ultimate holding company is Agile Group Holdings Limited ("Agile Holdings"), a company incorporated in the Cayman Islands and its shares are listed on the Hong Kong Stock Exchange.

The Company and its subsidiaries (together the "Group") are primarily engaged in the provision of property management services, related value-added services and city sanitation and cleaning services in the PRC.

These consolidated financial statements are presented in Renminbi, unless otherwise stated.

2. Summary of Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

(a) Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS) and the disclosure requirements of the Hong Kong Companies Ordinance (HKCO) Cap. 622.

(b) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative instruments) and investment properties measured at fair value.

2. Summary of Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

(c) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2022 and there is no material impact on the Group's consolidated financial statement:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018-2020
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination

(d) New standards and interpretations not yet adopted

The following new standards, amendments to standards and interpretation have been published but will only become effective for accounting period beginning on or after 1 January 2023 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKFRS 17	Insurance Contracts and related amendments	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 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	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 adoption of the new and amended standards and interpretation is not expected to have a material impact on the consolidated financial statements of the Group.

2. Summary of Significant Accounting Policies (Continued)

2.2 Principles of consolidation and equity accounting

2.2.1 Subsidiaries

Subsidiaries are all entities (including structured entities) 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 to direct the activities of the entity. Subsidiaries are fully 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 income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet respectively.

2.2.2 Associates

Associates are all entities over which the Group has significant influence but not control or joint control, which is the power to participate in the financial and operating policy decisions of the investee. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see Note 2.2.4 below), after initially being recognised at cost.

2.2.3 Joint ventures

Interests in joint ventures are accounted for using the equity method (see Note 2.2.4 below), after initially being recognised at cost in the consolidated balance sheet.

2.2.4 Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group’s share of the post-acquisition profits or losses of the investee in profit or loss, and the Group’s share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

2. Summary of Significant Accounting Policies (Continued)

2.2 Principles of consolidation and equity accounting (Continued)

2.2.4 Equity method (Continued)

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

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

2.2.5 Changes in ownership interests

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 separate 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.

2.3 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group

2. Summary of Significant Accounting Policies (Continued)

2.3 Business combinations (Continued)

- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

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

Where the Group enters into a contract that contains an obligation (for example a written put option exercisable by the contract counterparty) to acquire shares in a partly-owned subsidiary company from the owner of the non-controlling interest, which is not part of a business combination, the Group records a financial liability in respect of the present value of the redemption amount with a corresponding charge directly to equity. Changes to the value of the financial liability are recognised in the consolidated income statement within finance costs.

2. Summary of Significant Accounting Policies (Continued)

2.4 Separate financial statements

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

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

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive director that makes strategic decisions.

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 the Group's 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 within "other gains – net" in the consolidated income statement.

2. Summary of Significant Accounting Policies (Continued)

2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. 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 any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased property, plant and equipment, the shorter lease term as follows:

Buildings	5-60 years
Transportation equipment	2-10 years
Office equipment	2-10 years
Machinery	2-10 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 losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gains – net" in the consolidated income statement.

2.8 Investment properties

Investment properties, principally freehold office buildings, are held for long-term rental yields and are not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, they are carried at fair value. Changes in fair values are presented in consolidated income statement as part of "other gains-net".

2. Summary of Significant Accounting Policies (Continued)

2.9 Intangible assets

(a) Goodwill

Goodwill is measured as described in Note 2.3. 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 units ("CGUs") for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs 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, being the operating segments.

(b) Trademarks

Trademarks acquired in a business combination are recognised at fair value at the acquisition date. Trademarks have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives of 5 to 15 years.

(c) Customer relationship and backlogs

Customer relationship and backlogs acquired in a business combination is recognised at fair value at the acquisition date. The contractual customer relations and backlogs have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of 2 to 10 years for the customer relationship and backlogs.

(d) Computer software

Acquired computer software licences 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 2 to 10 years.

2. Summary of Significant Accounting Policies (Continued)

2.9 Intangible assets (Continued)

(e) Research and development costs

Research and development costs that are directly attributable to the design and testing of identifiable and unique software products, for example, applications, controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use it;
- There is an ability to use the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the research and development and to use the software product are available; and
- The expenditure attributable to the software product during its research and development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

2.10 Impairment of non-financial assets

Goodwill is not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested 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 of disposal 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 (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2. Summary of Significant Accounting Policies (Continued)

2.11 Investments and other financial assets

(a) 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 ("OCI"), 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 losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, 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.

(b) 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.

(c) 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 FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

2. Summary of Significant Accounting Policies (Continued)

2.11 Investments and other financial assets (Continued)

(c) Measurement (Continued)

Debt instruments

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. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains-net, together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.

Financial assets at FVOCI: 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 FVOCI. 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 profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains-net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains-net and impairment expenses are presented as separate line item in the consolidated statement of comprehensive income.

Financial assets at FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains-net in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in "other gains – net" in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2. Summary of Significant Accounting Policies (Continued)

2.11 Investments and other financial assets (Continued)

(c) Measurement (Continued)

Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 3.1.2 for further details.

2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet 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 asset and settle the liability 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 are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.14 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 12 months and therefore are all classified as current.

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 20 for further information about the Group's accounting for trade and other receivables and Note 3.1.2 for a description of the Group's impairment policies.

2. Summary of Significant Accounting Policies (Continued)

2.15 Cash and cash equivalents and restricted cash

In the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks. Bank deposits which are restricted to use are included in "restricted cash" of the consolidated balance sheet.

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.

2.18 Borrowings

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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.

2.19 Borrowing costs

All borrowing costs are recognised in the consolidated income statement in the period in which they are incurred.

2. Summary of Significant Accounting Policies (Continued)

2.20 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, 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.

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 tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries 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. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

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 tax liabilities are not recognised if they arise from the initial recognition of goodwill. The deferred income tax is 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. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date 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 to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2. Summary of Significant Accounting Policies (Continued)

2.20 Current and deferred income tax (Continued)

(b) Deferred income tax (Continued)

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.21 Put option arrangements

The potential cash payments related to put options issued by the Group over the equity of subsidiaries are accounted for as financial liabilities as there is an obligation for the Group to deliver cash or other financial assets in exchange of its own equity shares. The amount that may become payable under the option on exercise is initially recognised at present value of the redemption amount with a corresponding charge directly to equity.

Such options, including the transaction costs, are subsequently accreted through “finance costs” up to the redemption amount that is payable at the date at which the option first becomes exercisable. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

2. Summary of Significant Accounting Policies (Continued)

2.22 Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits 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 consolidated balance sheet.

(a) 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 administered funds managed by the governments.

The Group also participates in a retirement benefit scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of the lower of 5% of eligible employees' relevant aggregate income and HK dollar ("HK$")1,500. The assets of this MPF Scheme are held separately from those of the Group in independently administered funds.

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

(b) Housing benefits

Full-time PRC employees of the Group are entitled to participate in government-sponsored housing funds. The Group contributes to these funds based on certain percentages of the salaries of these employees on a monthly basis. The Group's liability in respect of these funds is limited to the contribution payable in each period. Contributions to the housing funds are expensed as incurred.

2. Summary of Significant Accounting Policies (Continued)

2.22 Employee benefits (Continued)

Short-term obligations (Continued)

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(d) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(e) Share-based payments

The Company operates a share award scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

2. Summary of Significant Accounting Policies (Continued)

2.22 Employee benefits (Continued)

Short-term obligations (Continued)

(e) Share-based payments (Continued)

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

2.23 Provisions

Provisions for environmental restoration, restructuring costs, and legal claims 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 provision due to passage of time is recognised as interest expense.

2. Summary of Significant Accounting Policies (Continued)

2.24 Revenue recognition

The Group are primarily engaged in the provision of property management services, related value-added services and city sanitation and cleaning services. Revenue from providing services is recognised in the accounting period in which the services are rendered as the customer simultaneously receives and consumes the benefits provided by the Group's performance when the Group performs.

For property management services and city sanitation and cleaning services, the Group bills a fixed amount for services provided on a monthly basis and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed. The Group entitles to revenue at the value of property management services and city sanitation and cleaning services fee received or receivable. The revenue of the property management services income is primarily generated from properties managed under lump sum basis.

For value-added services related to non-property management (including pre-delivery services, household assistance services, property agency services and other services), the Group agrees the price for each service with the customers upfront and issues the monthly bill to the customers which varies based on the actual level of service completed in that month.

For value-added services related to property management, revenue is recognised when the related community value-added services are rendered. Payment of the transaction is due immediately when the community value-added services are rendered to the customer.

Revenue from sales of goods is recognised when the Group has delivered the goods to the purchaser and the collectability of related consideration is reasonably assured.

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

When either party to a contract has performed, the Group presents the contract in the balance sheet 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 when the right is conditional on something other than passage of time.

2. Summary of Significant Accounting Policies (Continued)

2.24 Revenue recognition (Continued)

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers services to the customer, the Group presents the contract as a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

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.

Incremental costs incurred to obtain a contract, if recoverable, are capitalised and presented as assets and subsequently amortised when the related revenue is recognised. The Group applied the practical expedient to recognise the incremental costs of obtaining a contract as an expense immediately if the amortisation period is less than 12 months.

2.25 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and

- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2. Summary of Significant Accounting Policies (Continued)

2.26 Leases

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.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

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 payment 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.

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.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and

- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2. Summary of Significant Accounting Policies (Continued)

2.26 Leases (Continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise staff dormitories and small items of office furniture.

2.27 Dividend distribution

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

2.28 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 profit or loss over the period necessary to match them with the costs that they are intended to compensate.

2.29 Interest income

Interest income from financial assets at FVPL is included in the gains on redemption and disposal of financial assets at FVPL (2021: net fair value gains on financial assets at FVPL), see Note 10 below. Any other interest income is included in other income, see Note 9 below.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

3. Financial Risk Management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and price risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

3.1.1 Market risk

(i) Foreign exchange risk

The Group's businesses are principally conducted in RMB, except for bank deposits and purchase of certain financial assets are in HK$ and US dollar ("US$"). As at 31 December 2022, the Group's major non-RMB assets are cash and cash equivalents, other receivables and financial assets at FVPL denominated in HK$. Fluctuation of the exchange rates of RMB against foreign currency could affect the Group's results of operations.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the respective balance sheet dates are as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Monetary assets		
– HK$	**5,410**	35,672
– US$	**2**	297,213
	5,412	332,885

The following table shows the sensitivity analysis of a 5% change in RMB against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rates. If there is a 5% increase/decrease in RMB against the relevant currencies, the effect of (decrease)/increase in the profit for the year is as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
5% increase in RMB against HK$	**(245)**	(1,557)
5% decrease in RMB against HK$	**245**	1,557
5% increase in RMB against US$	**–**	(12,409)
5% decrease in RMB against US$	**–**	12,409

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

3.1.1 Market risk (Continued)

(ii) Interest rate risk

The Group is exposed to interest rate risk for certain interest-bearing cash and cash equivalents, restricted cash, other receivables and borrowings. Cash at banks and restricted cash at variable rates expose the Group to cash flow interest rate risk. Borrowings and other receivables at fixed rates expose the Group to fair value interest rate risk.

As at 31 December 2022, management considers that cash flow interest rate risk related to cash and cash equivalents and restricted cash and fair value interest rate risk related to borrowings and other receivables was insignificant (31 December 2021: same).

3.1.2 Credit risk

The Group is exposed to credit risk in relation to its trade and other receivables (excluding prepayments), financial assets at FVPL and cash deposits at banks (including restricted cash). The carrying amounts of trade and other receivables (excluding prepayments), financial assets at FVPL, restricted cash, cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets.

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 reasonable and supportive 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 debtor's ability to meet its obligations

– actual or expected significant changes in the operating results of individual property owner or the debtor

– significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the Group and changes in the operating results of the debtor.

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

(a) ***Cash deposits at banks (including restricted cash)***

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

(b) ***Trade receivables***

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. Future cash flows for each group of receivables are estimated on the basis of historical default rates, adjusted to reflect the effects of existing market conditions as well as forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables with known insolvencies are assessed individually for impairment allowances and are written off when there is no reasonable expectation of recovery. Indicators of insolvencies include, amongst others, the failure of a debtor engage in a repayment plan with the Group, and a failure to make contractual payments. Trade receivables without known insolvencies are assessed on a collective basis based on shared credit risk characteristics.

Trade receivables have been assessed for impairment on a collective basis based on different credit risk characteristics. Trade receivables are categorised as follows for assessment purpose:

Group 1: Trade receivables due from third parties arising from resident properties

Group 2: Trade receivables due from third parties arising from non-resident properties

Group 3: Trade receivables due from related parties (excluding Greenland Holdings Group Company Limited ("Greenland Holdings") and its subsidiaries and joint ventures)

Group 4: Trade receivables due from Greenland Holdings and its subsidiaries and joint ventures

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(b) Trade receivables (Continued)

For trade receivables of group 1 and 2 (2021: group 1, 2 and 4), the expected loss rates are based on the historical loss rates and adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the most relevant factors for different group of customers (e.g. money supply and population percent change from a year earlier), and accordingly adjusts the historical loss rates based on expected changes in these factors.

For trade receivables of group 3, the credit risk associated with these trade receivables are considered to be low because these entities have strong ability to fulfill their contractual cash flow responsibilities and have no historical loss experience. As at 31 December 2022, the expected credit loss rate is estimated as 5.47% (2021: 1.74%) for group 3 by considering the probability of default and loss given default and adjusting for forward-looking macroeconomic data.

For trade receivables of group 4, at 31 December 2022, the credit risk associated with these trade receivables are considered to be much higher than in prior year. As at 31 December 2022, the expected credit loss rate is estimated as 39.20% for group 4 by considering the probability of default and loss given default and adjusting for forward-looking macroeconomic data.

(i) On that basis, as at 31 December 2022, the loss allowance provision for the trade receivables was determined as follows. The expected credit losses below also incorporated forward looking information.

	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Trade receivables (Group 1)					
Expected loss rate	6.63%	20.63%	36.98%	66.76%	
Gross carrying amount (RMB'000)	934,817	236,440	122,963	149,706	1,443,926
Loss allowance provision (RMB'000)	61,980	48,785	45,477	99,941	256,183

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(b) Trade receivables (Continued)

(i) (Continued)

	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Trade receivables (Group 2)					
Expected loss rate	2.99%	23.63%	34.62%	79.33%	
Gross carrying amount (RMB'000)	1,763,158	219,751	47,340	30,924	2,061,173
Loss allowance provision (RMB'000)	52,701	51,937	16,391	24,532	145,561

	Total
Trade receivables (Group 3)	
Expected loss rate	5.47%
Gross carrying amount (RMB'000)	2,869,589
Loss allowance provision (RMB'000)	156,967

	Total
Trade receivables (Group 4)	
Expected loss rate	39.20%
Gross carrying amount (RMB'000)	554,653
Loss allowance provision (RMB'000)	217,424

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(b) Trade receivables (Continued)

(ii) As at 31 December 2021, the loss allowance provision for the trade receivables was determined as follows. The expected credit losses below also incorporated forward looking information.

	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Trade receivables (Group 1)					
Expected loss rate	6.09%	17.50%	28.65%	50.97%	
Gross carrying amount (RMB'000)	553,157	171,257	81,761	104,089	910,264
Loss allowance provision (RMB'000)	33,714	29,963	23,421	53,056	140,154
Trade receivables (Group 2)					
Expected loss rate	1.88%	17.59%	57.04%	86.30%	
Gross carrying amount (RMB'000)	1,359,941	103,508	19,373	30,822	1,513,644
Loss allowance provision (RMB'000)	25,600	18,208	11,051	26,599	81,458

	Total
Trade receivables (Group 3)	
Expected loss rate	1.74%
Gross carrying amount (RMB'000)	975,714
Loss allowance provision (RMB'000)	16,947

	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Trade receivables (Group 4)					
Expected loss rate	9.91%	13.56%	36.82%	38.19%	
Gross carrying amount (RMB'000)	301,866	130,782	78,957	36,684	548,289
Loss allowance provision (RMB'000)	29,929	17,739	29,075	14,010	90,753

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(c) Other receivables

A summary of the assumptions underpinning the Group's expected credit loss model for other receivables is as follows:

Category	Group definition of category	Basis for recognition of expected credit loss provision
Performing ("Stage 1")	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 ("Stage 2")	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 30 days past due	Lifetime expected losses
Non-performing ("Stage 3")	Interest and/or principal repayments are 60 days past due	Lifetime expected losses

On that basis, as at 31 December 2022 and 2021, the loss allowance provision for the other receivables was determined as follows. The expected credit losses below also incorporated forward looking information.

	Performing	Non-performing	Total
As at 31 December 2022			
Gross carrying amount (RMB'000)	**3,885,368**	**–**	**3,885,368**
Expected loss rate	**1.69%**	**–**	
Loss allowance provision (RMB'000)	**65,703**	**–**	**65,703**
As at 31 December 2021			
Gross carrying amount (RMB'000)	1,331,736	5,737	1,337,473
Expected loss rate	1.37%	100.00%	
Loss allowance provision (RMB'000)	18,287	5,737	24,024

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(d) As at 31 December 2022 and 2021, the loss allowance provision for trade and other receivables (excluding prepayments) reconciles to the opening loss allowance for that provision as follows:

	Trade receivables RMB'000	Other receivables (excluding prepayments) RMB'000	Total RMB'000
At 1 January 2021	155,095	23,683	178,778
Impact of acquisition of subsidiaries	13,528	849	14,377
Provision for loss allowance	160,689	(508)	160,181
At 31 December 2021 and 1 January 2022	329,312	24,024	353,336
Impact of acquisition of subsidiaries	**18,940**	**5,374**	**24,314**
Provision for loss allowance	**428,726**	**36,897**	**465,623**
Receivables written off during the year as uncollectible	**(843)**	**(592)**	**(1,435)**
At 31 December 2022	**776,135**	**65,703**	**841,838**

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(e) The Group's maximum exposure to credit risk at the end of reporting period is as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Trade and other receivables (excluding prepayments) (Note 20)	9,972,871	4,932,048
Restricted cash	57,791	3,349,493
Cash and cash equivalents	3,799,262	4,390,545
Financial assets at FVPL (excluding contingent consideration and Hong Kong listed equity securities) (Note 22)	1,041,500	521,537
	14,871,424	13,193,623

3.1.3 Liquidity risk

Management aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing, including short-term and long-term borrowings and capital injection by the shareholders to meet its daily operation working capital requirements.

The table below set out the Group's financial liabilities by relevant maturity grouping at each balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2022					
Borrowings	95,450	8,355	3,394	–	107,199
Trade and other payables*	4,849,243	6,672	–	–	4,855,915
Financial liabilities for put options	144,333	–	–	–	144,333
Lease liabilities	34,875	12,965	10,714	1,619	60,173
	5,123,901	27,992	14,108	1,619	5,167,620
As at 31 December 2021					
Borrowings	67,381	11,572	1,127	–	80,080
Trade and other payables*	3,634,047	35,190	–	–	3,669,237
Financial liabilities for put options	113,560	–	–	–	113,560
Lease liabilities	48,361	21,845	11,133	553	81,892
	3,863,349	68,607	12,260	553	3,944,769

* Excluding non-financial liabilities

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

3.1.4 Price risk

The Group's exposure to equity securities price risk arises from Hong Kong listed equity securities held by the Group and classified in the consolidated balance sheet as financial assets at FVPL.

As at 31 December 2022, management considers that price risk related to financial assets at FVPL was insignificant (31 December 2021: same).

3.2 Capital management

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

The Group monitors its capital structure by maintaining its gearing ratio at a prudent level. This ratio is calculated as net borrowings divided by total equity as shown in the consolidated balance sheet. Net borrowings are calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less total of cash and cash equivalents and restricted cash.

As at 31 December 2022 and 2021, the Group maintained at net cash position.

3.3 Fair value estimation

(a) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

Recurring fair value measurements **At 31 December 2022**	Notes	**Level 1** **RMB'000**	**Level 3** **RMB'000**	**Total** **RMB'000**
Financial assets				
Financial assets at FVPL				
Wealth management products	22	–	1,500	1,500
Trusts	22	–	1,040,000	1,040,000
Hong Kong listed equity securities	22	2,014	–	2,014
Contingent consideration	22	–	3,238	3,238
		2,014	1,044,738	1,046,752
Financial assets at FVOCI				
Unlisted equity securities	19	–	12,593	12,593
Total financial assets		2,014	1,057,331	1,059,345

3. Financial Risk Management (Continued)

3.3 Fair value estimation (Continued)

(a) Fair value hierarchy (Continued)

Recurring fair value measurements

At 31 December 2021	Notes	Level 1 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Financial assets at FVPL				
Wealth management products	22	–	511,537	511,537
Structural deposits	22	–	10,000	10,000
Hong Kong listed equity securities	22	5,506	–	5,506
Contingent consideration	22	–	3,249	3,249
		5,506	524,786	530,292
Financial assets at FVOCI				
Unlisted equity securities	19	–	23,868	23,868
Total financial assets		5,506	548,654	554,160

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses estimated discounted cash flows to make assumptions.

The different levels have been defined as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted marked price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for wealth management products, trusts, structural deposits, contingent consideration and put option liability.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year. For transfers into and out of level 3 measurements see (b) below.

3. Financial Risk Management (Continued)

3.3 Fair value estimation (Continued)

(b) The Group's financial assets at fair values included wealth management products, trusts, structural deposits, contingent consideration and unlisted equity securities, fair value of which are estimated based on unobservable inputs (level 3). The following table presents the changes in level 3 instruments for the years ended 31 December 2022 and 31 December 2021:

	Financial assets at FVPL						
	Wealth management products RMB'000	Trusts RMB'000	Structural deposits RMB'000	Contingent consideration RMB'000	Financial assets at FVOCI Unlisted entity securities RMB'000 (Note 19)	Financial liabilities for put options RMB'000	Total RMB'000
Opening balance as at 1 January 2022	511,537	–	10,000	3,249	23,868	(107,358)	441,296
Additions	454,730	2,652,000	–	–	–	–	3,106,730
Disposals	(971,693)	(1,830,935)	(10,000)	–	–	–	(2,812,628)
Gains recognised in profit or loss	6,926	218,935	–	(11)	–	(31,086)	194,764
Losses recognised in other comprehensive income	–	–	–	–	(11,275)	–	(11,275)
Finance costs (Note 11)	–	–	–	–	–	(5,889)	(5,889)
Closing balance as at 31 December 2022	1,500	1,040,000	–	3,238	12,593	(144,333)	912,998
Including unrealised losses recognised in profit attributable to balances held at 31 December 2022	–	–	–	(11)	(11,275)	(36,975)	(48,261)

3. Financial Risk Management (Continued)

3.3 Fair value estimation (Continued)

(b) (Continued)

	Financial assets at FVPL					
	Wealth management products RMB'000	Structural deposits RMB'000	Contingent consideration RMB'000	Financial assets at FVOCI Unlisted entity securities RMB'000 (Note 19)	Financial liabilities for put options RMB'000	Total RMB'000
Opening balance as at 1 January 2021	576,923	–	2,991	29,122	(94,775)	514,261
Additions	2,358,440	649,000	–	–	–	3,007,440
Acquisition of subsidiaries	8,850	19,000	–	5,025	–	32,875
Disposals	(2,471,376)	(659,323)	–	(15,297)	–	(3,145,996)
Gains recognised in profit or loss	38,700	1,323	258	–	2,330	42,611
Gains recognised in other comprehensive income	–	–	–	5,018	–	5,018
Finance costs (Note 11)	–	–	–	–	(14,913)	(14,913)
Closing balance as at 31 December 2021	511,537	10,000	3,249	23,868	(107,358)	441,296
Including unrealised gains/(losses) recognised in profit attributable to balances held at 31 December 2021	3,347	–	258	4,721	(12,583)	(4,257)

3. Financial Risk Management (Continued)

3.3 Fair value estimation (Continued)

(c) Quantitative information about fair value measurements using significant unobservable inputs (Level 3) is as follows:

Description	Fair value at 31 December 2022 RMB'000	Valuation techniques	Unobservable input	Range (probability-weighted average)	Relationship of unobservable inputs to fair value
Wealth management products	1,500	Discounted cash flow	Expected interest rate per annum	2.7%	A change in expected interest rate per annum +/- 10% results in a change in fair value by RMB4,000
Trusts	1,040,000	Income approach	Expected interest rate per annum	7.2%	A change in expected interest rate per annum +/- 10% results in a change in fair value by RMB670,000
Contingent consideration	3,238	Discounted cash flow	Expected net profit	RMB42,726,000-414,960,000	A change in expected net profit +/- 10% results in a change in fair value of RMB2,914,000
Unlisted equity securities	12,593	Guideline public companies method	Expected net profit	RMB11,486,000	A change in expected net profit +/- 10% results in a change in fair value by RMB1,544,000
Financial liabilities for put options	144,333	Discounted cash flow	Expected discount rate	16.1%-16.3%	A change in expected discount rate +/- 10% results in a decrease in fair value by RMB-28,000/an increase in fair value by RMB29,000

3. Financial Risk Management (Continued)

3.3 Fair value estimation (Continued)

(c) (Continued)

Description	Fair value at 31 December 2021 RMB'000	Valuation techniques	Unobservable input	Range (probability-weighted average)	Relationship of unobservable inputs to fair value
Wealth management products	511,537	Discounted cash flow	Expected interest rate per annum	4.0%	A change in expected interest rate per annum +/− 10% results in a change in fair value by RMB1,912,000
Structural deposits	10,000	Discounted cash flow	Expected interest rate per annum	2.8%	A change in expected interest rate per annum +/− 10% results in a change in fair value by RMB1,000
Contingent consideration	3,249	Discounted cash flow	Expected net profit	RMB43,953,000-414,960,000	A change in expected net profit +/− 10% results in a decrease in fair value by RMB-2,950,000/an increase in fair value by RMB10,796,000
Unlisted equity securities	23,868	Guideline public companies method	Expected net profit	RMB21,294,000	A change in expected net profit +/− 10% results in a change in fair value by RMB2,369,000
Financial liabilities for put options	107,358	Discounted cash flow	Expected discount rate	16.1%-16.3%	A change in expected discount rate +/− 10% results in a decrease in fair value by RMB-547,000/an increase in fair value by RMB559,000

4. Critical Accounting Estimates and Judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Estimated impairment of goodwill

The Group tests whether goodwill has suffered any impairment annually, or more frequently if events or changes in circumstances predict that goodwill may be impaired, in accordance with the accounting policy stated in Note 2.10, where the recoverable amounts of the CGUs is determined based on value-in-use ("VIU") calculations. These calculations require the use of estimates. Details of impairment assessment, key assumptions and impact of possible changes in key assumptions are disclosed in Note 17.

(b) Estimation of the useful life of customer relationship and backlogs identified in business combination

Customer relationship and backlogs identified in the business combination on respective acquisition date (Note 34) are recognised as intangible assets (Note 17). Customer relationship and backlog primarily related to the existing property management and city sanitation and cleaning contracts of acquirees on the acquisition date. A large portion of the existing property management contracts of acquirees are with no specific expiration date. Based on past experience, termination or non-renewal of these property management contracts with the property developers or property owners' association are uncommon. Other contracts are with remaining contract periods of one month to seventeen years. The Group thus estimates the useful life and determines the amortisation period of the customer relationship and backlog to be five to ten years based on the weighted average expected contract duration of the contracts.

However, the actual useful life may be shorter or longer than estimate, depending on acquirees' ability to secure its contracts and relationships with property developers or renew the contracts with property owners' associations in the future. Where the actual contract duration is different from the original estimate, such difference will impact the carrying amount of the intangible asset of customer relationship and the amortisation expenses in the periods in which such estimate has been changed.

(c) Expected credit losses on receivables

The Group makes allowances on receivables based on assumptions about risk of default and expected loss rates. The Group used judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and loss allowance provision in the periods in which such estimate has been changed. For details of key assumptions and inputs used, please refer to Note 3.1.2 above.

4. Critical Accounting Estimates and Judgements (Continued)

(d) Current and deferred income tax

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

Deferred 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.

(e) Fair value measurement of financial instruments

Financial asset at FVPL and financial assets at FVOCI amounting to RMB1,044,738,000 (2021: RMB524,786,000) and RMB12,593,000 (2021: RMB23,868,000) respectively as at 31 December 2022 is measured at fair value with fair value being determined based on unobserved inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair values of these instruments. Further disclosures regarding the fair value measurement of these financial assets are set out in Note 3.3 above.

(f) Fair value of investment properties

Investment properties are carried at fair value in the consolidated statement of balance sheet and the changes in the fair value recognised in the profit or loss. It obtains independent valuations at least annually. In making the judgement, consideration is given to assumptions that are mainly based on market conditions existing at the reporting date, expected rental from future leases in the light of current market conditions and appropriate capitalisation rates. Changes in subjective input assumptions can materially affect the fair value estimate. The key assumptions used in the valuation in determining fair value for the Group's portfolio of properties are set out in Note 16 to the consolidated financial statements.

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 segment, has been identified as the executive directors of the Company.

During the years ended 31 December 2022 and 2021, the Group was principally engaged in the provision of (i) property management services, (ii) related value-added services, including pre-delivery services, household assistance services, property agency services and other services, and (iii) city sanitation and cleaning services in the PRC.

5. Segment Information (Continued)

All the acquired subsidiaries were principally engaged in the provision of property management services, related value-added services and city sanitation and cleaning services. After acquisition, management reviews the operating results of the business of the acquired subsidiaries and the original business to make decisions about resources to be allocated. Therefore, the CODM of the Company regards that there are several operating segments, which are used to make strategic decisions.

For the year ended 31 December 2022, all the operating segments are domiciled in the PRC and all the revenue are derived in the PRC. As at 31 December 2022, all of the assets were located in the PRC except for bank deposits of RMB439,000 (2021: RMB47,584,000) in Hong Kong. Therefore, no geographical segments are presented.

6. Revenue

Revenue mainly comprises proceeds from property management services, related value-added services and city sanitation and cleaning services. An analysis of the Group's revenue by category for the years ended 31 December 2022 and 2021 is as follows:

	Timing of revenue recognition	**Year ended 31 December**	
		2022	2021
		RMB'000	RMB'000
Property management services	over time	**10,029,210**	8,658,423
Value-added services related to property management			
– Other value-added services	over time	**3,667,730**	4,395,219
– Sales of goods	at a point in time	**366,920**	328,345
City sanitation and cleaning services	over time	**1,314,716**	698,102
		15,378,576	14,080,089

(a) Contract liabilities

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

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Contract liabilities		
– Property management services	**1,179,466**	1,061,988
– Value-added services related to property management	**180,538**	203,347
	1,360,004	1,265,335
Less: non-current portion of contract liabilities	**(19,727)**	(84,344)
Current portion of contract liabilities	**1,340,277**	1,180,991

(i) The Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from property management services.

6. Revenue (Continued)

(a) Contract liabilities (Continued)

(ii) Revenue recognised in relation to contract liabilities

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

Revenue recognised that was included in the balance of contract liabilities at the beginning of the year	Year ended 31 December 2022 RMB'000	2021 RMB'000
Property management services	**977,644**	684,916
Value-added services related to property management	**203,347**	105,754
	1,180,991	790,670

(iii) Unsatisfied performance obligations

For property management services, part of value-added services and city sanitation and cleaning 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 monthly basis. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these type of contracts.

For other value-added services related to property management, they are rendered in short period of time, which is generally less than a year, and the Group has elected the practical expedient for not to disclose the remaining performance obligations for these type of contracts.

7. Expenses by Nature

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Auditor's remunerations		
– Audit services	**3,780**	14,680
– Non-audit services	**1,200**	–
Advertising expenses	**39,866**	65,495
Catering outsourcing fee	**29,339**	32,811
Cleaning expenses	**1,660,176**	1,466,545
Cost of consumables	**446,462**	454,578
Cost of goods sold	**489,246**	259,731
Consulting fees	**88,391**	73,099
Depreciation and amortisation charges	**351,221**	282,125
Employee benefit expenses (Note 8)	**5,917,488**	5,267,411
Greening and gardening expenses	**297,724**	274,764
IT system maintenance expenses	**27,374**	24,607
Maintenance costs	**650,186**	539,436
Office expenses	**111,153**	95,638
Rental expenses paid relating to short-term and low-value leases (Note 15(b))	**97,593**	57,184
Security charges	**1,517,704**	1,225,231
Utilities	**524,934**	379,661
Taxes and other levies	**67,941**	71,667
Travelling and entertainment expenses	**124,307**	141,761
Transportation expenses and customer service charges	**72,059**	96,580
Others	**421,566**	308,105
	12,939,710	11,131,109

8. Employee Benefit Expenses

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Wages and salaries and bonus	**4,987,050**	4,385,953
Share-based payments (Note (a))	**39,990**	–
Contribution to pension scheme (Note (b))	**429,420**	401,342
Housing benefits	**110,067**	107,577
Other employee benefits (Note (c))	**350,961**	372,539
Total (including emoluments of directors and supervisors)	**5,917,488**	5,267,411

8. Employee Benefit Expenses (Continued)

(a) On 20 January 2022 and 12 July 2022, the Company received notices from Gongqingcheng A-Living Investment Management Limited Partnership（共青城雅生活投資管理合伙企业（有限合伙））("Gongqingcheng Investment", one of the Company's shareholders) into share transfer agreements with 13 and 23 former and exiting senior management of the Group with outstanding contributions to the development of the Company (collectively, the "Purchasers"), pursuant to which Gongqingcheng Investment agreed to sell, and the Purchasers agreed to purchase, an aggregate of 3,160,058 and 2,201,127 overseas listed shares of the Company ("H Shares") at HK$3.062 transfer price per H Share, for a total consideration of approximately RMB28,753,000 and RMB11,237,000 respectively.

During the year ended 31 December 2022, the Group recognised the share-based payment expense of RMB39,990,000.

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

The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions.

(c) Other employee benefits mainly include other social insurance expenses, meal, travelling and festival allowances.

(d) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2022 include one director (2021: one director), whose emoluments are reflected in the analysis shown in Note 38. The emoluments paid/payable to the remaining four individuals during the year ended 31 December 2022 (2021: four individuals) were as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Basic salaries, housing allowances, other allowances and benefits in kind	**6,533**	6,019
Share-based payments	**5,422**	–
Discretionary bonus	**338**	496
Contribution to pension scheme	**121**	143
	12,414	6,658

8. Employee Benefit Expenses (Continued)

	Number of individuals Year ended 31 December	
	2022	2021
Emolument bands (in HK$)		
HK$1,000,001 – HK$1,500,000	**1**	1
HK$1,500,001 – HK$2,000,000	**–**	2
HK$2,000,001 – HK$2,500,000	**1**	–
HK$2,500,001 – HK$3,000,000	**–**	1
HK$3,000,001 – HK$3,500,000	**1**	–
HK$7,500,001 – HK$8,000,000	**1**	–

9. Other Income

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Interest income:		
– from deposits and loans to third parties	**98,443**	72,903
– from loans to related parties (Note 36(e))	**2,222**	2,518
Tax incentives (Note (b))	**44,480**	47,421
Government grants (Note (a))	**84,861**	43,795
Rental income (Note 16)	**1,015**	5,465
Late payment charges	**–**	4,085
Miscellaneous	**1,225**	1,872
	232,246	178,059

(a) Government grants consisted mainly of financial subsidies granted by the local governments. There are no unfulfilled conditions or other conditions attached to the government grant recognised during the years ended 31 December 2022 and 2021.

(b) Tax incentives mainly included additional deduction of input value-added tax applicable to the Company and its certain subsidiaries.

10. Other Gains – Net

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Gains from disposal of investments accounted for using the equity method (Note 12(b))	**403**	58,748
Net fair value gains on financial assets at FVPL (Note 22(a))	**–**	31,549
Gains on redemption and disposal on financial assets at FVPL (Note 22(a))	**222,358**	–
(Losses)/Gains from disposal of subsidiaries (Note 35)	**(1,301)**	22,039
Fair value (losses)/gains on put options (Note 29)	**(31,086)**	2,330
Fair value gains on investment properties (Note 16)	**23,271**	595
Net foreign exchange losses	**(4,997)**	(2,110)
Losses on disposal of PPE and investment properties	**(3,277)**	(6,300)
Miscellaneous	**3,263**	(4,781)
	208,634	102,070

11. Finance Costs

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Unwinding of discount on financial liabilities for put options (Note 29)	**5,889**	14,913
Interest expense of borrowings	**3,284**	4,686
Interest and finance charges paid/payable for lease liabilities (Note 15(b))	**6,974**	3,507
Interest expense of long-term payables	**2,418**	1,782
	18,565	24,888

12. Subsidiaries and Investments Accounted for Using the Equity Method

(a) Particulars of the principal subsidiaries of the Group at 31 December 2022 are set out below:

Company name	Place of incorporation and kind of legal entity	Registered/ issued and paid-up capital	Principal activities and place of operation	Ownership interest held by the Group 2022	Ownership interest held by the Group 2021	Ownership interest held by non-controlling interests 2022	Ownership interest held by non-controlling interests 2021
Directly held by the Company							
Guangzhou Agile Property Management Services Co., Ltd.* 廣州雅居樂物業管理服務有限公司	The PRC, Limited liability company	RMB1,000,000	Property management services in Mainland of the PRC	100%	100%	0%	0%
Guangzhou Yaxin Engineering Consultancy Co., Ltd.* 廣州市雅信工程咨詢有限公司	The PRC, Limited liability company	RMB1,000,000	House inspection services in Mainland of the PRC	100%	100%	0%	0%
Zhengzhou Huamao Agile Property Management Services Co., Ltd.* 鄭州市雅生活華茂物業服務有限公司	The PRC, Limited liability company	RMB500,000	Property management services in Mainland of the PRC	60%	60%	40%	40%
Nanjing Zizhu Property Management Services Co., Ltd.* 南京紫竹物業管理股份有限公司	The PRC, Limited liability company	RMB11,764,705	Property management services in Mainland of the PRC	51%	51%	49%	49%
Henan Agile Property Services Co., Ltd.* 河南雅居樂物業服務有限公司	The PRC, Limited liability company	RMB10,000,000	Property management services in Mainland of the PRC	100%	100%	0%	0%
Tianjin Agile Enterprise Management Services Co., Ltd.* 天津雅居樂企業管理服務有限公司	The PRC, Limited liability company	RMB5,000,000	Enterprise management consulting services in Mainland of the PRC	100%	100%	0%	0%
Harbin Jingyang Property Management Co., Ltd.* ("Harbin Jingyang") 哈爾濱景陽物業管理有限公司	The PRC, Limited liability company	RMB5,000,000	Property management services in Mainland of the PRC	66%	60%	34%	40%
Qingdao Huaren Property Co., Ltd* ("Qingdao Huaren") 青島華仁物業股份有限公司	The PRC, Limited liability company	RMB46,875,000	Property management services in Mainland of the PRC	90%	90%	10%	10%
Kaiping Agile Enterprise Management Services Co., Ltd.* 開平雅居樂雅生活物業管理有限公司	The PRC, Limited liability company	RMB500,000	Property management services in Mainland of the PRC	100%	100%	0%	0%
Foshan Nanhai Agile Property Management Services Co., Ltd.* 佛山市南海區雅居樂物業管理服務有限公司	The PRC, Limited liability company	RMB5,000,000	Property management services in Mainland of the PRC	100%	100%	0%	0%
Guangzhou Huadu Agile Property Management Services Co., Ltd.* 廣州市花都雅居樂物業管理服務有限公司	The PRC, Limited liability company	RMB3,000,000	Property management services in Mainland of the PRC	100%	100%	0%	0%
Hainan Agile Property Services Co., Ltd.* 海南雅居樂物業服務有限公司	The PRC, Limited liability company	RMB3,000,000	Property management services in Mainland of the PRC	100%	100%	0%	0%

12. SUBSIDIARIES AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

(a) Particulars of the principal subsidiaries of the Group at 31 December 2022 are set out below: (Continued)

Company name	Place of incorporation and kind of legal entity	Registered/ issued and paid-up capital	Principal activities and place of operation	Ownership interest held by the Group		Ownership interest held by non-controlling interests	
				2022	2021	2022	2021
Directly held by the Company (Continued)							
Harrogate Property Services (Shanghai) Co., Ltd.* 雅萊格物業服務（上海）有限公司	The PRC, Limited liability company	RMB5,000,000	Property management services in Mainland of the PRC	100%	100%	0%	0%
Guangzhou Harrogate Property Management Services Co., Ltd.* 廣州雅萊格物業管理服務有限公司	The PRC, Limited liability company	RMB1,000,000	Property management services in Mainland of the PRC	100%	100%	0%	0%
Guangzhou Yatian Network Technology Co., Ltd.* ("Guangzhou Yatian") 廣州市雅天網絡科技有限公司	The PRC, Limited liability company	RMB1,000,000	Software engineering services in Mainland of the PRC	100%	100%	0%	0%
Guangzhou Yafang Travel Co., Ltd.* 廣州市雅方旅遊有限公司	The PRC, Limited liability company	RMB1,000,000	Travel agency services in Mainland of the PRC	100%	100%	0%	0%
Guangzhou Yatao Advertisement Co., Ltd.* 廣州市雅韜廣告有限公司	The PRC, Limited liability company	RMB1,000,000	Advertising services in Mainland of the PRC	100%	100%	0%	0%
A-TRO Properties Consultancy Co, Ltd.* (formerly known as: Yazhuo Real Estate Consultant Co., Ltd.*) 雅卓房地產顧問有限公司 （前稱：廣州市雅卓房地產營銷有限公司）	The PRC, Limited liability company	RMB5,000,000	Real estate marketing services in Mainland of the PRC	100%	100%	0%	0%
Greenland Property Services Co., Ltd.* ("Greenland Property Services") 上海綠地物業服務有限公司	The PRC, Limited liability company	RMB5,000,000	Property management services in Mainland of the PRC	100%	100%	0%	0%
Shandong A-Living Changbo Property Services Co., Ltd.* 山東雅生活暢博物業服務有限公司	The PRC, Limited liability company	RMB3,600,000	Property management services in Mainland of the PRC	60%	60%	40%	40%
Zhuosen Property Management Co., Ltd.* (De-registered on 6 September 2022) 卓森物業管理有限公司	The PRC, Limited liability company	RMB5,000,000	Property management services in Mainland of the PRC	0%	100%	0%	0%
Shenzhen Jingji Domestic Property Management Co., Ltd.* 深圳市京基住宅物業管理有限公司	The PRC, Limited liability company	RMB5,000,000	Property management services in Mainland of the PRC	100%	100%	0%	0%
Zhanjiang Xiyue Jingjicheng Property Services Co., Ltd* 湛江市西粵京基城物業服務有限公司	The PRC, Limited liability company	RMB3,000,000	Property management services in Mainland of the PRC	100%	100%	0%	0%
Gongqingcheng Lexianghui Investment Co., Ltd.* 共青城樂享薈投資有限公司	The PRC, Limited liability company	RMB2,000,000	Investment holding in Mainland of the PRC	100%	100%	0%	0%

12. Subsidiaries and Investments Accounted for Using the Equity Method (Continued)

(a) Particulars of the principal subsidiaries of the Group at 31 December 2022 are set out below: (Continued)

Company name	Place of incorporation and kind of legal entity	Registered/ issued and paid-up capital	Principal activities and place of operation	Ownership interest held by the Group 2022	Ownership interest held by the Group 2021	Ownership interest held by non-controlling interests 2022	Ownership interest held by non-controlling interests 2021
Indirectly held by the Company							
A-Living Holdings (Hong Kong) Limited (formerly known as: A-Living Investment Holdings (Hong Kong) Limited) 雅生活控股（香港）有限公司 （前稱: 雅生活投資控股（香港）有限公司）	Hong Kong, Limited liability company	HK$62,115,600	General trading, business consulting services, electronic commerce and investment in Hong Kong	**100%**	100%	**0%**	0%
Tianjin Lexianghui Community Service Co., Ltd.* 天津樂享薈社區服務有限公司	The PRC, Limited liability company	RMB10,000,000	Community services in Mainland of the PRC	**100%**	100%	**0%**	0%
Guangzhou Yatong Intelligent Technology Co., Ltd.* 廣州市雅通智能科技有限公司	The PRC, Limited liability company	RMB1,000,000	Information technology consulting service in Mainland of the PRC	**51%**	51%	**49%**	49%
Heilongjiang Yatian Network Technology Co., Ltd.* 黑龍江雅天網絡科技有限公司	The PRC, Limited liability company	RMB3,000,000	Software engineering services in Mainland of the PRC	**80%**	80%	**20%**	20%
Nantong Yazhuo Real Estate Marketing Co., Ltd.* 南通雅卓房地產營銷有限公司	The PRC, Limited liability company	RMB1,000,000	Real estate marketing services in Mainland of the PRC	**100%**	100%	**0%**	0%
Tianjin Yaxin Engineering Consultancy Co., Ltd.* 天津雅信工程咨詢有限公司	The PRC, Limited liability company	RMB500,000	Engineering consulting services in Mainland of the PRC	**100%**	100%	**0%**	0%
Zhuhai Hengqin Yaheng Engineering Consultancy Co., Ltd.* 珠海橫琴雅恒工程咨詢有限公司	The PRC, Limited liability company	RMB5,000,000	Engineering consulting services in Mainland of the PRC	**100%**	100%	**0%**	0%
HK A-TRO Property Marking Co., Ltd. 香港雅卓房地產營銷有限公司	Hong Kong, Limited liability company	HK$1,000,000	Real estate marketing services in Hong Kong	**100%**	100%	**0%**	0%
Tengchong Yazhuo Real Estate Agent Co., Ltd.* 騰沖雅卓房地產經紀有限公司	The PRC, Limited liability company	RMB500,000	Real estate marketing services in Mainland of the PRC	**100%**	100%	**0%**	0%

12. Subsidiaries and Investments Accounted for Using the Equity Method (Continued)

(a) Particulars of the principal subsidiaries of the Group at 31 December 2022 are set out below: (Continued)

Company name	Place of incorporation and kind of legal entity	Registered/ issued and paid-up capital	Principal activities and place of operation	Ownership interest held by the Group 2022	Ownership interest held by the Group 2021	Ownership interest held by non-controlling interests 2022	Ownership interest held by non-controlling interests 2021
Indirectly held by the Company (Continued)							
Urumqi A-Living Lvdi Property Services Co., Ltd.* 烏魯木齊雅生活綠地物業服務有限公司	The PRC, Limited liability company	RMB500,000	Property management services in Mainland of the PRC	**100%**	100%	**0%**	0%
Guangzhou Yuehua Property Co., Ltd.* 廣州粵華物業有限公司	The PRC, Limited liability company	RMB10,300,000	Property management services in Mainland of the PRC	**83%**	83%	**17%**	17%
Chongqing Haitai Management Services Company Limited* (Note (i)) 重慶海泰管理服務有限公司	The PRC, Limited liability company	RMB50,500,000	Management services in Mainland of the PRC	**31%**	31%	**69%**	69%
Xi'an Jintian Property Management Services Company Limited* (Note (i)) 西安錦天物業管理服務有限公司	The PRC, Limited liability company	RMB20,000,000	Property management services in Mainland of the PRC	**31%**	31%	**69%**	69%
Shanghai Minghua Smart City Operation Management Company Limited* (formerly known as : Shanghai Minghua Property Management Company Limited)* 上海明華智慧城市運營管理有限公司 （前稱：上海明華物業管理有限公司）*	The PRC, Limited liability company	RMB70,000,000	Property management services in Mainland of the PRC	**54%**	54%	**46%**	46%
Changzhou Zhongfang Property Company Limited* (Note (i)) 常州中房物業有限公司	The PRC, Limited liability company	RMB10,800,000	Property management services in Mainland of the PRC	**42%**	42%	**58%**	58%
Shanghai Ruixiang Shangfang Property Management Company Limited* (Note (i)) 上海鋭翔上房物業管理有限公司	The PRC, Limited liability company	RMB12,000,000	Property management services in Mainland of the PRC	**40%**	40%	**60%**	60%
A-Living Futurelife Property Management Services Limited* ("A-Living Futurelife PM") (formerly known as: CMIG Futurelife Property Management Limited* ("CMIG PM")) 雅生活未來物業管理服務有限公司 （前稱：中民未來物業服務有限公司）	The PRC, Limited liability company	RMB1,400,000,000	Property management services in Mainland of the PRC	**60%**	60%	**40%**	40%
Longcheng City Service Company Limited (formerly known as: Shenzhen Longcheng Property Management Company Limited)* (Note (i)) 龍城城市運營服務集團有限公司 （前稱：深圳市龍城物業管理有限公司）	The PRC, Limited liability company	RMB73,840,000	Property management services in Mainland of the PRC	**38%**	38%	**62%**	62%

12. Subsidiaries and Investments Accounted for Using the Equity Method (Continued)

(a) Particulars of the principal subsidiaries of the Group at 31 December 2022 are set out below: (Continued)

Company name	Place of incorporation and kind of legal entity	Registered/ issued and paid-up capital	Principal activities and place of operation	Ownership interest held by the Group		Ownership interest held by non-controlling interests	
				2022	2021	2022	2021
Indirectly held by the Company (Continued)							
Minrui Property Management (Shanghai) Co., Ltd. ("New CMIG PM") 民瑞物業服務（上海）有限公司	The PRC, Limited liability company	RMB2,550,000	Property management services in Mainland of the PRC	60%	60%	40%	40%
Beijing Huifeng Qingxuan Environmental Technology Group Company Limited* ("Beijing Huifeng") 北京慧豐清軒環境科技集團有限公司	The PRC, Limited liability company	RMB8,000,000	Sanitation services in Mainland of the PRC	51%	51%	49%	49%
Shaanxi Mingtang Sanitation Company Limited* ("Shaanxi Mingtang") 陝西明堂環衛有限公司	The PRC, Limited liability company	RMB7,000,000	Sanitation services in Mainland of the PRC	60%	60%	40%	40%
A-living Mingri Environmental Development Co., Ltd. (formerly known as "Dalian Mingri Environmental Development Co., Ltd.) *("Dalian Mingri") 雅生活明日環境發展有限公司（前稱：大連明日環境發展有限公司）	The PRC, Limited liability company	RMB2,000,000	Sanitation services in Mainland of the PRC	51%	51%	49%	49%
Shandong Hongtai Property Development Company Limited* ("Shandong Hongtai") 山東宏泰物業發展有限公司	The PRC, Limited liability company	RMB7,400,000	Property management services in Mainland of the PRC	86%	86%	14%	14%
Guangzhou Weixiang (Note (ii)) 廣州為想互聯網科技有限公司	The PRC, Limited liability company	RMB10,184,614	Household services in Mainland of the PRC	38.8%	38.8%	61.2%	61.2%
Tiantongyuan Community Management Services Group Limited ("Tiantongyuan") 天通苑社區服務集團有限公司（天通苑）	Cayman Islands, Limited liability company	HK$10	Investment holding	100%	0%	0%	0%

(i) The Group indirectly holds the equity interest in these companies through layers of holding structures and the Group has control over the board of directors of these companies who can make majority votes to decide the key financial and operating decisions of these companies. The proportion of equity interests as disclosed above represent the effective equity interests attributable to the Group.

(ii) The Group does not hold over 50% ownership in equity of this entity or its subsidiaries. Nevertheless, under an agreement entered into with the certain equity owners of this entity, the Group controls this entity by way of controlling the voting rights, governing their financial and operating policies, appointing or removing the majority of the members of their controlling authorities, and casting the majority of votes at meetings of such authorities. In addition, such agreement also transfer the risks and rewards of this entity to the Group. As a result, they are presented as controlled entities of the Group.

* The English name of the subsidiaries represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

12. Subsidiaries and Investments Accounted for Using the Equity Method (Continued)

(b) Investments accounted for using the equity method

In the opinion of the directors, there is no associate and joint venture individually material to the Group.

The following table illustrates the aggregate summarized financial information of the Group's associates that are not individually material:

	2022 RMB'000	2021 RMB'000
Share of post-tax profits of joint ventures and associates	56,393	31,534
Aggregate carrying amounts of the Group's investments accounted for using the equity method	1,169,571	1,111,141

The carrying amount of equity-accounted investments has changed as follows in the years ended 31 December 2022 and 2021:

	2022 RMB'000	2021 RMB'000
At beginning of the year	1,111,141	1,105,391
Additions	4,847	305,823
Additions arising from business combination	–	662
Share of post-tax profits of joint ventures and associates	56,393	31,534
Dividends declared	–	(18,038)
Disposal arising from disposal of a subsidiary	–	(10,746)
Disposals	(3,147)	(303,485)
Others	337	–
At the end of the year	1,169,571	1,111,141

	Note	As at the respective date of the disposals 2022 RMB'000	2021 RMB'000
Cash consideration received/receivable		3,550	364
Fair value transferred to investment in a subsidiary		–	361,869
Less: Carrying amounts disposed of	(i)	(3,147)	(303,485)
Net gains from the disposals	10	403	58,748

12. Subsidiaries and Investments Accounted for Using the Equity Method (Continued)

(b) Investments accounted for using the equity method (Continued)

(i) During the year ended 31 December 2022, the Group disposed 30% equity interests in an associate, Kunming Shenlongcheng Property Service Co., Ltd.*（昆明深龍城物業服務有限公司）, at the consideration of RMB3,300,000. Upon the completion of the disposal, gains on the disposal of RMB403,000 was recognised and the Group had no equity interests in the company.

During the year ended 31 December 2022, the Group disposed 5% equity interests in an associate, Fuyang Construction Investment Longcheng Management Service Co., Ltd.*（阜陽建投龍城管理服務有限公司）, at the consideration of RMB250,000. Upon the completion of the disposal, there was no gain or loss on the disposal and the Group still holds 35% equity interests in the associate.

* The English name of the associates represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

(c) Subsidiary with material non-controlling interests

Nature of investment in the subsidiary with material non-controlling interests

Name of entity	Place of business/ country of incorporation	% of ownership interest
A-Living Futurelife PM 雅生活未來物業管理服務有限公司 （前稱：中民未來物業服務有限公司）	The PRC	60%

(i) Summarised balance sheet

	As at 31 December 2022 RMB'000	2021 RMB'000
Current assets	**2,541,434**	2,323,858
Current liabilities	**(1,626,876)**	(1,407,954)
Current net assets	**914,558**	915,904
Non-current assets	**1,302,551**	1,293,865
Non-current liabilities	**(137,055)**	(183,878)
Non-current net assets	**1,165,496**	1,109,987
Net assets	**2,080,054**	2,025,891
Accumulated NCI	**1,100,777**	1,070,094

12. Subsidiaries and Investments Accounted for Using the Equity Method (Continued)

(c) Subsidiary with material non-controlling interests (Continued)

(ii) Summarised statement of comprehensive income

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Revenue	**4,186,886**	4,018,013
Profit for the year	**228,195**	252,556
Other comprehensive (loss)/income	**(8,357)**	3,541
Total comprehensive income	**219,838**	256,097
Profit allocated to NCI	**128,029**	156,983
Dividends declared to NCI	**(96,847)**	(17,199)

(iii) Summarised cash flows

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Cash flows from operating activities	**98,847**	414,863
Cash flows used in investing activities	**(73,600)**	(41,406)
Cash flows used in financing activities	**(159,479)**	(276,704)
Net (decrease)/increase in cash and cash equivalents	**(134,232)**	96,753

13. INCOME TAX EXPENSES

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Current income tax:		
– PRC corporate income tax	**715,759**	615,407
Deferred income tax (Note 28):		
– PRC corporate income tax	**(198,740)**	(105,402)
	517,019	510,005

13. Income Tax Expenses (Continued)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the respective tax rate applicable to profits of the group entities as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Profit before income tax	**2,451,951**	3,075,574
Tax charge at effective rate applicable to profits in the respective group entities	**500,460**	561,198
Tax effects of:		
– Expenses not deductible for tax purposes	**27,474**	9,835
– Reversal of deferred tax assets recognised for tax losses in prior years	**833**	1,083
– Adjustments for current tax – change in the tax rate of the Company (Note (a))	**–**	(56,777)
– Re-measurement of deferred tax – change in the tax rate of the Company	**–**	783
– Associates' and joint ventures' results reported net of tax	**(32,951)**	(17,526)
– Tax losses for which no deferred income tax asset was recognised	**22,178**	16,509
– Utilisation of tax losses previously not recognised	**–**	(1,263)
– Recognition of temporary deductible differences not recognised in previous years	**–**	(2,993)
– Additional tax deduction for research and development costs	**(975)**	(844)
	517,019	510,005

(a) The effective income tax rate was 21% for the year ended 31 December 2022 (2021: 17%). In April 2021, the Company obtained the Certificate of High and New Technology Enterprise before annual tax filing of 2020 with three-year valid period from 2020 to 2022. Accordingly, the income tax rate applicable to the Company for 2020 to 2022 is 15%. The impact of the change in the applicable tax rate from 25% in 2020 to 15% in 2021 was credited to the income tax expenses in the year ended 31 December 2021.

PRC corporate income tax

Income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated taxable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

The corporate income tax rate applicable to the group entities located in Mainland China is 25% (2021: 25%) according to the Corporate Income Tax Law of the PRC.

13. Income Tax Expenses (Continued)

PRC corporate income tax (Continued)

In 2020, Guangzhou Yatian obtained the Certificate of High and New Technology Enterprise with valid period from 2020 to 2022. As mentioned in Note (a), in April 2021, the Company obtained the Certificate of High and New Technology Enterprise before annual tax filing of 2020 with valid period from 2020 to 2022. According to the Corporate Income Tax Law of the PRC, corporations which obtain the Certificate of High and New Technology Enterprise are entitled to enjoy additional tax deduction for research and development costs and a preferential corporate income tax rate of 15%. The tax rate applicable to Guangzhou Yatian during the year ended 31 December 2022 was 15% (2021: 15%). The tax rate applicable to the Company during the year ended 31 December 2022 was 15% (2021: 15%).

Certain subsidiary of the Group in the PRC are registered in western regions and subject to a preferential income tax rate of 15% during the year ended 31 December 2022 (2021: 15%). Certain of the Group's subsidiaries enjoy the preferential income tax treatment for Small and Micro Enterprise with the income tax rate of 20% and are eligible to have their tax calculated based on 25% or 50% of their taxable income. Certain subsidiaries of the Group in the PRC are located in Hainan Free Trade Port and subject to a preferential income tax rate of 15% during the year ended 31 December 2022 (2021: 15%).

Hong Kong income tax

No Hong Kong profits tax was applicable to the Group for the year ended 31 December 2022. There were two subsidiaries incorporated in Hong Kong. No Hong Kong profits tax was provided for those two Hong Kong subsidiaries as there was no estimated taxable profits that was subject to Hong Kong profits tax during the year ended 31 December 2022 (2021: nil).

14. Earnings Per Share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the years ended 31 December 2022 and 2021.

The Company did not have any potential ordinary shares outstanding during the years ended 31 December 2022 and 2021. Diluted earnings per share was equal to basic earnings per share.

	Year ended 31 December	
	2022	2021
Profit attributable to shareholders of the Company (RMB'000)	**1,839,601**	2,308,458
Weighted average number of ordinary shares in issue (in thousands)	**1,420,001**	1,383,435
Basic earnings per share for profit attributable to the shareholders of the Company during the year (expressed in RMB per share)	**1.30**	1.67

15. Property, Plant and Equipment and Right-of-use Assets

(a) Movements

	Buildings	Transportation equipment	Office equipment	Machinery	Subtotal	Right-of-use assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2021							
Cost	151,711	84,039	32,216	88,103	356,069	79,831	435,900
Accumulated depreciation and amortisation	(31,400)	(15,128)	(13,689)	(40,841)	(101,098)	(44,712)	(145,810)
Net book amount	120,271	68,911	18,527	47,262	254,971	35,119	290,090
Year ended 31 December 2021							
Opening net book amount	120,271	68,911	18,527	47,262	254,971	35,119	290,090
Additions	220	27,884	7,402	47,915	83,421	43,969	127,390
Acquisitions of subsidiaries	80,465	26,953	6,501	207,613	321,532	34,636	356,168
Other disposals	(632)	(3,111)	(682)	(2,213)	(6,638)	(70)	(6,708)
Disposal of subsidiaries	(57,591)	(3,528)	(314)	(16,183)	(77,616)	(25)	(77,641)
Depreciation and amortisation charge	(9,491)	(22,464)	(6,684)	(30,200)	(68,839)	(39,761)	(108,600)
Closing net book amount	133,242	94,645	24,750	254,194	506,831	73,868	580,699
As at 31 December 2021 and 1 January 2022							
Cost	163,887	121,582	42,353	303,724	631,546	157,479	789,025
Accumulated depreciation and amortisation	(30,645)	(26,937)	(17,603)	(49,530)	(124,715)	(83,611)	(208,326)
Net book amount	133,242	94,645	24,750	254,194	506,831	73,868	580,699
Year ended 31 December 2022							
Opening net book amount	133,242	94,645	24,750	254,194	506,831	73,868	580,699
Additions	31,547	59,133	17,111	129,400	237,191	29,399	266,590
Acquisition of subsidiaries (Note 34)	–	2,153	729	518	3,400	–	3,400
Other disposals	(29,856)	(2,168)	(318)	(19,795)	(52,137)	(6,129)	(58,266)
Depreciation and amortisation charge	(3,520)	(22,053)	(11,210)	(55,959)	(92,742)	(45,422)	(138,164)
Closing net book amount	131,413	131,710	31,062	308,358	602,543	51,716	654,259
As at 31 December 2022							
Cost	165,578	180,700	59,875	413,847	820,000	147,666	967,666
Accumulated depreciation and amortisation	(34,165)	(48,990)	(28,813)	(105,489)	(217,457)	(95,950)	(313,407)
Net book amount	131,413	131,710	31,062	308,358	602,543	51,716	654,259

15. Property, Plant and Equipment and Right-of-use Assets (Continued)

(a) Movements (Continued)

Depreciation and amortisation expenses were charged to the following categories in the consolidated income statement:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Cost of sales	**101,051**	64,421
Selling and marketing expenses	**991**	958
Administrative expenses	**36,122**	43,221
	138,164	108,600

As at 31 December 2022, certain self-used PPE with net book value of RMB90,706,000 (2021: RMB55,039,000) were pledged as collateral for the Group's borrowings (Note 26).

(b) Leases

This note provides information for leases where the Group is a lessee.

(i) Amounts recognised in the consolidated balance sheet

The balance sheet shows the following amounts relating to leases:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Right-of-use assets		
Buildings	**43,141**	56,375
Equipment	**8,575**	17,493
	51,716	73,868
Lease liabilities		
Current	**26,892**	47,168
Non-current	**25,298**	30,590
	52,190	77,758

15. Property, Plant and Equipment and Right-Of-Use Assets (Continued)

(b) Leases (Continued)

(ii) Amounts recognised in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases:

		Year ended 31 December	
		2022	2021
	Notes	**RMB'000**	RMB'000
Depreciation charge of right-of-use assets			
– Buildings		**(30,541)**	(32,150)
– Equipment		**(14,881)**	(7,611)
		(45,422)	(39,761)
Interest expense (included in finance costs)	11	**(6,974)**	(3,507)
Rental expenses relating to short-term and low-value leases (included in cost of sales and administrative expenses)	7	**(97,593)**	(57,184)

Total cash outflow for lease in year ended 31 December 2022 was RMB153,405,000 (2021: RMB101,824,000).

(iii) The Group's leasing activities and how these are accounted for

The Group leases various offices and staff dormitories. Rental contracts are typically made for fixed periods of three months to 15 years (2021: three months to 15 years).

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants. Leased assets may not be used as security for borrowing purposes.

16. Investment Properties

	Commercial properties RMB'000
As at 1 January 2021	–
Acquisition of a subsidiary	110,337
Addition	8,412
Revaluation gains recognised in the consolidated income statement (Note 10)	595
Disposals	(30,428)
As at 31 December 2021 and 1 January 2022	88,916
Addition	148,011
Revaluation gains recognised in the consolidated income statement (Note 10)	23,271
Disposals	(7,402)
As at 31 December 2022	252,796

(a) Amounts recognised in the consolidated income statement for investment properties:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Other income (Note 9)	**1,015**	5,465

(b) As at 31 December 2022, no investment properties (31 December 2021: nil) were pledged as collateral for the Group's borrowings.

(c) As at 31 December 2022, the Group had no unprovided contractual obligations for future repairs and maintenance (31 December 2021: nil).

(d) **Fair value hierarchy**

As at 31 December 2022, all of the Group's investment properties were within level 3 of the fair value hierarchy as the valuation were arrived at by reference to certain significant unobservable inputs. There were no transfers between level 1, 2 and 3 during the year (2021: nil).

16. Investment Properties (Continued)

(e) Valuation processes and techniques

The Group measures its investment properties at fair value. The investment properties were valued by the management at the acquisition date and 31 December 2022. Methods and key assumptions in determining the fair value of the investment as at respective dates are disclosed as follows:

Fair value measurements used significant unobservable inputs (level 3).

Fair values of investment properties are evaluated by using direct comparison approach, which is adopted assuming sale of each of these properties in its existing state with the benefit of vacant possession. By making reference to sales transactions as available in the relevant market, comparable properties in close proximity have been selected and adjustments have been made to account for the difference in factors such as location and property size.

The main level 3 input used by the Group is market price.

(f) Valuation inputs and relationships to fair value

Description	Fair value at 31 December 2022 RMB'000	2021 RMB'000	Unobservable inputs	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
Office buildings	252,796	88,916	Market price (RMB/square meter)	15,000-54,000 (2021: 15,000-56,000)	The higher the market price, the higher the fair value

17. Intangible Assets

	Computer software RMB'000	Trademarks RMB'000	Customer relationship and backlogs RMB'000	Subtotal RMB'000	Goodwill RMB'000	Total RMB'000
As at 1 January 2021						
Cost	44,751	28,400	1,079,719	1,152,870	2,181,967	3,334,837
Accumulated amortisation	(14,968)	(15,374)	(161,287)	(191,629)	–	(191,629)
Net book amount	29,783	13,026	918,432	961,241	2,181,967	3,143,208
Year ended 31 December 2021						
Opening net book amount	29,783	13,026	918,432	961,241	2,181,967	3,143,208
Additions	3,968	–	–	3,968	–	3,968
Acquisition of subsidiaries	3,556	34,942	577,518	616,016	1,027,350	1,643,366
Other disposals	(128)	–	–	(128)	–	(128)
Disposals of subsidiaries	(127)	–	(56,784)	(56,911)	(86,086)	(142,997)
Amortisation	(5,015)	(5,610)	(162,900)	(173,525)	–	(173,525)
Closing net book amount	32,037	42,358	1,276,266	1,350,661	3,123,231	4,473,892
As at 31 December 2021 and 1 January 2022						
Cost	49,694	63,342	1,592,110	1,705,146	3,123,231	4,828,377
Accumulated amortisation	(17,657)	(20,984)	(315,844)	(354,485)	–	(354,485)
Net book amount	32,037	42,358	1,276,266	1,350,661	3,123,231	4,473,892
Year ended 31 December 2022						
Opening net book amount	**32,037**	**42,358**	**1,276,266**	**1,350,661**	**3,123,231**	**4,473,892**
Additions	**2,644**	**–**	**–**	**2,644**	**–**	**2,644**
Acquisition of subsidiaries (Note (a))	**–**	**–**	**232,033**	**232,033**	**191,670**	**423,703**
Other disposals	**(32)**	**–**	**–**	**(32)**	**–**	**(32)**
Amortisation	**(4,843)**	**(5,169)**	**(203,045)**	**(213,057)**	**–**	**(213,057)**
Closing net book amount	**29,806**	**37,189**	**1,305,254**	**1,372,249**	**3,314,901**	**4,687,150**
As at 31 December 2022						
Cost	**52,026**	**63,342**	**1,824,143**	**1,939,511**	**3,314,901**	**5,254,412**
Accumulated amortisation	**(22,220)**	**(26,153)**	**(518,889)**	**(567,262)**	**–**	**(567,262)**
Net book amount	**29,806**	**37,189**	**1,305,254**	**1,372,249**	**3,314,901**	**4,687,150**

17. Intangible Assets (Continued)

Amortisation of intangible assets has been charged to the consolidated income statement as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Cost of sales	**208,214**	169,850
Selling and marketing expenses	**–**	38
Administrative expenses	**4,843**	3,637
	213,057	173,525

(a) During the year ended 31 December 2022, the Group acquired certain companies (Note 34). Total identifiable net assets attributable to the Group of these entities acquired as at their respective acquisition dates amounting to RMB212,240,000 (2021: RMB455,722,000), including identified customer relationship and backlogs of RMB232,033,000 (2021: customer relationship, backlogs and trademarks of RMB612,460,000) recognised by the Group.

(b) Independent valuations were performed by an independent valuer to determine the amount of the customer relationship, backlogs and trademarks recognised by the Group during year end 31 December 2022. Methods and key assumptions in determining the fair value of the customer relationship, backlogs and trademarks as at respective acquisition dates are disclosed as follows:

	Valuation technique	**Discount rate**	**Expected life of the intangible assets**
Customer relationship	Discounted cash flow	12.88%-16.25%	10 years
Backlogs	Discounted cash flow	14.97%-15.46%	2-8 years
Trademarks	Relief from royalty	15.41%	15 years

(c) Impairment tests for goodwill

As at 31 December 2022, goodwill of RMB3,314,901,000 (2021: RMB3,123,231,000) has been allocated to each group of CGUs for impairment testing. Goodwill of RMB918,967,000 and RMB757,271,000 (31 December 2021: RMB918,967,000 and RMB757,271,000) were allocated to the property management business operated by Greenland Property Services and A-Living Futurelife PM, respectively. Others are individually below RMB270,000,000 (2021: RMB270,000,000), which is considered not significant and therefore analysed in aggregate.

Management performed an impairment assessment on the goodwill as at 31 December 2022. The recoverable amount of the property management business operated by the acquired subsidiaries have been assessed by an independent valuer or the management and determined based on VIU calculations. The VIU used discounted cash flow was calculated based on five-year period or ten-year period financial projections approved by management.

17. Intangible Assets (Continued)

(c) Impairment tests for goodwill (Continued)

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

	Greenland Property Services	A-Living Futurelife PM	Other subsidiaries
2022			
Compound annual growth rate of revenue during the projection period (%)	**22.9%**	**5.3%**	**-1.5%~31.9%**
Earnings before interest, tax, depreciation and amortisation ("EBITDA") margin during the projection period (%)	**13.3%~13.8%**	**7.9%-9.0%**	**-28.0%~32.0%**
Average trade receivables turnover days	**158~239 days**	**53 days**	**2~200 days**
Long term growth rate (%)	**3%**	**3%**	**3%**
Pre-tax discount rate (%)	**22.2%**	**21.3%**	**17.1%~25.0%**
2021			
Compound annual growth rate of revenue during the projection period (%)	31.2%	6.0%	0.0%~31.3%
Earnings before interest, tax, depreciation and amortisation ("EBITDA") margin during the projection period (%)	10.5%~12.6%	8.1%-8.4%	-30.6%~27.4%
Average trade receivables turnover days	217~303 days	72 days	1~167 days
Long term growth rate (%)	3%	3%	3%
Pre-tax discount rate (%)	19.0%	19.4%	16.0%~21.1%

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determining values
Compound annual growth rate of revenue	Based on past performance and management's expectations of market development. For Greenland Property Services, year-on-year increment in projected revenue is mainly attributable to the estimated incremental gross floor area under management as committed by Greenland Holdings according to the investment cooperation framework agreement.
EBITDA margin	Based on past performance and management's expectations for the future.
Average trade receivables turnover days	Based on past performance and management's expectations for the future.
Long term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period.
Pre-tax discount rate	Reflect specific risks relating to the relevant CGUs

17. Intangible Assets (Continued)

(c) Impairment tests for goodwill (Continued)

As at 31 December 2022, the recoverable amounts of RMB1,159,251,000 (2021: RMB1,286,686,000) of Greenland Property Services calculated based on VIU calculation exceeded their carrying value by RMB31,649,000 (2021: RMB89,294,000). The recoverable amounts of RMB2,813,281,000 (2021: RMB3,041,526,000) of A-Living Futurelife PM calculated based on VIU calculation exceeded their carrying value by RMB272,046,000 (2021: RMB435,284,000).

Details of the headroom attributable to the Group for Greenland Property Services and A-Living Futurelife PM as at 31 December 2022 are set out as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
A-Living Futurelife PM	**272,046**	435,284
Greenland Property Services	**31,649**	89,294

Management has undertaken sensitivity analysis on the impairment tests of goodwill. The following table sets forth all possible changes to the key assumptions of the impairment tests and the changes taken in isolation in the VIU calculations for Greenland and A-Living Futurelife PM that would remove the remaining headroom respectively as at 31 December 2022 and 2021:

	Possible changes to the key assumptions	
As at 31 December 2022	**A-Living Futurelife PM**	**Greenland Property Services**
Compound annual growth rate of revenue	**-3.06%**	**-0.94%**
EBITDA margin	**-0.87%**	**-0.46%**
Average trade receivables turnover days	**+16.06 days**	**+7.64 days**
Long term growth rate	**-2.95%**	**-0.72%**
Pre-tax discount rate	**+2.22%**	**+0.57%**

	Possible changes to the key assumptions	
As at 31 December 2021	A-Living Futurelife PM	Greenland Property Services
Compound annual growth rate of revenue	-5.23%	-2.65%
EBITDA margin	-1.48%	-0.88%
Average trade receivables turnover days	+30 days	+17 days
Long term growth rate	-4.83%	-1.46%
Pre-tax discount rate	+3.87%	+1.07%

17. Intangible Assets (Continued)

(c) Impairment tests for goodwill (Continued)

The directors of the Company considered there is no reasonably possible change in key parameters would cause the carrying amount of each CGU or group of CGUs to exceed its recoverable amount.

By reference to the recoverable amount assessed by the independent valuer or the management as at 31 December 2022, the directors of the Company determined that no impairment provision on goodwill was required as at 31 December 2022 (31 December 2021: nil).

18. Financial Instruments by Category

The Group holds the following financial instruments:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Financial assets		
Financial assets at amortised cost		
– Trade and other receivables excluding prepayments (Note 20)	**9,972,871**	4,932,048
– Cash and cash equivalents (Note 23)	**3,799,262**	4,390,545
– Restricted cash	**57,791**	3,349,493
	13,829,924	12,672,086
Financial assets at FVPL (Note 22)	**1,046,752**	530,292
Financial assets at FVOCI (Note 19)	**12,593**	23,868
	14,889,269	13,226,246
Financial liabilities		
Financial liabilities at amortised cost		
Borrowings (Note 26)	**104,820**	78,529
Lease liabilities (Note 15(b))	**52,190**	77,758
Trade and other payables excluding non-financial liabilities (Note 27)	**4,855,915**	3,669,237
	5,012,925	3,825,524
Financial liabilities for put options (Note 29)	**144,333**	107,358
	5,157,258	3,932,882

19. Financial Assets at Fair Value Through Other Comprehensive Income

(a) Classification of financial assets at FVOCI

Financial assets at FVOCI comprise equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

(b) Equity investments at FVOCI

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Non-current assets		
Unlisted securities	**12,593**	23,868

(c) Amounts recognised in profit or loss and other comprehensive income

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
(Losses)/Gains recognised in other comprehensive income related to equity investments	**(11,275)**	5,018

As at 31 December 2022, financial assets at FVOCI were all denominated in RMB.

20. Trade and Other Receivables and Prepayments

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Trade receivables (Notes (a) and (b))		
– Related parties (Note 36(d))	**3,424,242**	1,524,003
– Third parties	**3,505,099**	2,423,908
	6,929,341	3,947,911
Less: allowance for impairment of trade receivables	**(776,135)**	(329,312)
	6,153,206	3,618,599
Other receivables		
– Related parties (Notes (c) and 36(d))	**896,161**	278,178
– Third parties (Note (d))	**2,989,207**	1,059,295
	3,885,368	1,337,473
Less: allowance for impairment of other receivables	**(65,703)**	(24,024)
	3,819,665	1,313,449
Prepayments		
– Related parties (Note 36(d))	**300,125**	288,788
– Third parties	**442,615**	235,461
	742,740	524,249
Subtotal	**10,715,611**	5,456,297
Less: non-current portion of prepayments	**(362,280)**	(350,952)
Current portion of trade and other receivables and prepayments	**10,353,331**	5,105,345

20. Trade and Other Receivables and Prepayments (Continued)

(a) Trade receivables mainly represented the receivables of outstanding property management service fee and the receivables of value-added service income and city sanitation and cleaning service income.

Property management services income, value-added service income and city sanitation and cleaning service income are received in accordance with the terms of the relevant services agreements, and due for payment upon the issuance of demand note.

As at 31 December 2022 and 2021, the aging analysis of the trade receivables based on recognition date were as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
0-180 days	**3,672,465**	2,504,546
181-365 days	**1,906,021**	657,041
1 to 2 years	**855,678**	429,257
2 to 3 years	**247,669**	188,457
Over 3 years	**247,508**	168,610
	6,929,341	3,947,911

(b) Trade receivables of RMB10,000,000 (31 December 2021: RMB15,620,000) were pledged as collateral for a subsidiary's borrowings. The associated secured borrowings amounted to RMB7,092,000 (31 December 2021: RMB3,000,000) (Note 26).

(c) Included in receivables due from related parties as at 31 December 2022, there were (i) deposit of RMB700,000,000 (2021: nil) paid to Agile Holdings for the parking space leasing and sales agency service which is secured by certain car-parking space of Agile Holdings; (ii) interest-bearing advances to related parties of RMB16,117,000 (2021: RMB197,243,000), which are unsecured, interest bearing ranging from 1.0% to 5.6% (2021: 1.0% to 5.6%) per annum and are repayable within one year or on demand, refer to Note 36(e) for details; and (iii) rental deposits which are repayable upon maturity of rental period according to the respective contracts.

(d) Other receivables due from third parties mainly consist of deposits, advances to third parties, payment on behalf of residents and receivables from disposals of financial assets at FVPL.

During the year ended 31 December 2022, financial assets at FVPL with carrying amount of RMB859,037,000 were disposed at the consideration of RMB964,000,000 which were fully settled subsequent to the reporting date.

Included in other receivables as at 31 December 2022, there were advances to third parties of RMB1,052,000,000, in which advances of RMB870,000,000 at interest bearing ranging from 2% to 8% per annum and repayable within one year. The remaining balances of RMB182,000,000 were unsecured, interest-free and repayable on demand.

(e) As at 31 December 2022, trade and other receivables were denominated in RMB and the fair values of trade and other receivables approximated their carrying amounts.

21. Inventories

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Consumables	**45,187**	36,172
Parking lots and shops	**1,648**	1,648
Food and beverage	**133**	713
Less: Allowance for impairment	**–**	–
	46,968	38,533

22. Financial Assets at Fair Value Through Profit or Loss

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Non-current assets		
Contingent consideration	**3,238**	3,249
Current assets		
Wealth management products	**1,500**	511,537
Trusts	**1,040,000**	–
Structural deposits	**–**	10,000
Hong Kong listed equity securities	**2,014**	5,506
	1,043,514	527,043
	1,046,752	530,292

(a) Amounts recognised in profit or loss

During the year, the following gains/(losses) were recognised in profit or loss:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Gains on redemption and disposal on financial assets at FVPL	**225,861**	–
Fair value gains on debt instruments at FVPL	**–**	40,023
Fair value losses on equity investments at FVPL	**(3,492)**	(8,732)
Fair value (losses)/gains on contingent consideration	**(11)**	258
	222,358	31,549

(b) Risk exposure and fair value measurements

For information about the methods and assumptions used in determining fair value refer to Note 3.3.

As at 31 December 2022, financial assets at FVPL were all of denominated in RMB, except for Hong Kong listed equity securities which were denominated in HK$.

23. Cash and Cash Equivalents and Restricted Cash

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Cash at bank and in hand:		
– Denominated in RMB	**3,798,294**	4,359,709
– Denominated in HK$	**966**	30,166
– Denominated in US$	**2**	670
	3,799,262	4,390,545

In the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks. Bank deposits which are restricted to use are included in "restricted cash" of the consolidated balance sheet.

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

24. Share Capital

	Number of shares		Share capital	
	31 December 2022	31 December 2021	**31 December 2022**	31 December 2021
			RMB'000	RMB'000
Issued and fully paid (Note (a))	**1,420,000,800**	1,420,000,800	**1,420,001**	1,420,001

(a) Movements in share capital

	Number of shares	Share capital
		RMB'000
Details		
As at 1 January 2021	1,333,334,000	1,333,334
Placing of new H Shares	86,666,800	86,667
As at 31 December 2021, 1 January 2022 and 31 December 2022	**1,420,000,800**	**1,420,001**

25. Other Reserves

	Share premium RMB'000	Statutory reserve RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2021	3,138,053	249,196	15,262	3,402,511
Revaluation – gross	–	–	3,012	3,012
Deferred tax	–	–	(753)	(753)
Other comprehensive income	–	–	2,259	2,259
Transfer to retained earnings	–	–	(178)	(178)
Deferred tax	–	–	44	44
Net amount transferred	–	–	(134)	(134)
Appropriation of statutory reserves (Note (a))	–	77,956	–	77,956
Placing of new H Shares	2,590,844	–	–	2,590,844
Other transaction with the NCI	(458,677)	–	–	(458,677)
As at 31 December 2021 and 1 January 2022	**5,270,220**	**327,152**	**17,387**	**5,614,759**
Revaluation – gross	**–**	**–**	**(6,634)**	**(6,634)**
Deferred tax	**–**	**–**	**1,659**	**1,659**
Other comprehensive loss	**–**	**–**	**(4,975)**	**(4,975)**
Appropriation of statutory reserves (Note (a))	**–**	**56,951**	**–**	**56,951**
Share-based payments	**–**	**–**	**39,990**	**39,990**
Other transaction with the NCI (Note (b))	**(19,137)**	**–**	**–**	**(19,137)**
As at 31 December 2022	**5,251,083**	**384,103**	**52,402**	**5,687,588**

(a) PRC statutory reserve

In accordance with relevant rules and regulations in the PRC, except for sino-foreign equity joint venture enterprises, all PRC companies are required to transfer 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund can only be used, upon approval by the relevant authority, to offset losses carried forward from previous years or to increase capital of the respective companies.

(b) Other transaction with the NCI

During the year ended 31 December 2022, the Group further acquired certain equity interest of a subsidiary from the NCI. The difference of RMB19,137,000 between the carrying value of the NCI acquired and the consideration paid was recorded as other reserve.

26. Borrowings

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Borrowings included in non-current liabilities:		
Long-term bank borrowings – secured (Note (a))	15,198	28,850
Long-term other borrowings – secured (Note (a))	65	–
Long-term bank borrowings – unsecured	2,060	–
	17,323	28,850
Less: current portion of non-current borrowings	(5,574)	(16,405)
	11,749	12,445
Borrowings included in current liabilities:		
Short-term bank borrowings – secured (Note (b))	51,240	49,679
Short-term other borrowings – unsecured (Note (c))	36,257	–
	87,497	49,679
Current portion of long-term bank borrowings	5,574	16,405
	93,071	66,084
	104,820	78,529

(a) **Secured long-term bank and other borrowings**

The secured long-term bank and other borrowings amounting to RMB15,263,000 (2021: RMB28,850,000) as at 31 December 2022 was bearing with fixed interest rates of ranging 4.05%-7.49% (2021: 3.80%-7.49%) per annum and secured by certain PPE owned by a subsidiary (Note 15), The principal was repayable monthly at a fixed amount.

(b) **Secured short-term bank borrowings**

The secured short-term bank loans amounting to RMB51,240,000 (2021: RMB49,679,000) as at 31 December 2022 were secured by certain PPE owned by a subsidiary and certain PPE owned by the non-controlling shareholder of the subsidiary. The loans were bearing fixed interest rates of ranging 3.70%~4.90% (2021: 4.10%-5.50%) per annum.

(c) **Unsecured short-term other borrowings**

As at 31 December 2022, certain unsecured short term other borrowings amounting to RMB29,165,000 were guaranteed by the director and controlling shareholder of a subsidiary.

(d) All the borrowings are denominated in RMB as at 31 December 2022 and 2021.

27. Trade and Other Payables

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Trade payables (Note (a))		
– Related parties (Note 36 (d))	**76,942**	66,818
– Third parties	**2,588,139**	1,691,101
	2,665,081	1,757,919
Other payables		
– Related parties (Note 36 (d))	**252,927**	107,235
– Third parties	**1,820,781**	1,676,774
	2,073,708	1,784,009
Dividends payables	**117,126**	127,309
Accrued payroll	**1,010,843**	1,039,706
Other taxes payables	**162,042**	134,249
	6,028,800	4,843,192
Less: non-current portion of other payables	**(6,672)**	(35,190)
Current portion of trade and other payables	**6,022,128**	4,808,002

(a) As at 31 December 2022 and 2021, the aging analysis of the trade payables (including amounts due to related parties in trade nature) based on invoice date were as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Up to 1 year	**2,492,235**	1,656,020
1 to 2 years	**120,633**	79,110
2 to 3 years	**29,424**	10,711
Over 3 years	**22,789**	12,078
	2,665,081	1,757,919

As at 31 December 2022, trade and other payables were all denominated in RMB and the fair values of trade and other payables approximated their carrying amounts (31 December 2021: same).

28. Deferred Income Tax

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Deferred income tax assets:		
– Deferred tax assets to be recovered after more than 12 months	**180,474**	98,683
– Deferred tax assets to be recovered within 12 months	**113,305**	49,261
– Set-off of deferred tax liabilities pursuant to set-off provisions	**(34,818)**	(10,243)
	258,961	137,701
Deferred income tax liabilities:		
– Deferred tax liabilities to be recovered after more than 12 months	**(349,778)**	(329,298)
– Deferred tax liabilities to be recovered within 12 months	**(10,579)**	(32,005)
– Set-off of deferred tax liabilities pursuant to set-off provisions	**34,818**	10,243
	(325,539)	(351,060)
	(66,578)	(213,359)

28. Deferred Income Tax (Continued)

The movement in deferred income tax assets and liabilities during the years ended 31 December 2022 and 2021, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Deferred tax assets – allowance on doubtful debts RMB'000	Deferred tax assets – deductible tax losses RMB'000	Deferred tax assets – accrued expenses RMB'000	Deferred tax assets – others RMB'000	Deferred tax assets/ (liabilities) – financial assets at FVOCI RMB'000	Deferred tax assets/ (liabilities) – financial assets at FVPL RMB'000	Deferred tax liabilities – excess of carrying amount of other intangible assets over the tax bases RMB'000	Deferred tax liabilities – differences on recognition of depreciation RMB'000	Total RMB'000
As at 1 January 2021	36,930	6,508	17,386	5,890	(310)	(2,235)	(231,736)	(7,477)	(175,044)
Credited/(charged) to the consolidated income statement (Note 13)	26,837	6,878	24,755	(1,706)	–	2,612	42,912	2,331	104,619
Re-measurement of deferred tax – change in the tax rate of the Company (Note 13(a))	1,102	–	419	–	–	(67)	–	(671)	783
Acquisition of subsidiaries	23,803	467	335	–	–	–	(172,897)	(536)	(148,828)
Charged to other comprehensive income	–	–	–	–	(1,254)	–	–	–	(1,254)
Disposal of subsidiaries	(1,106)	(861)	(3)	–	–	–	8,335	–	6,365
As at 31 December 2021 and 1 January 2022	87,566	12,992	42,892	4,184	(1,564)	310	(353,386)	(6,353)	(213,359)
Credited/(charged) to the consolidated income statement (Note 13)	115,027	16,629	6,106	(6)	–	4,671	56,158	155	198,740
Acquisition of subsidiaries (Note 34)	2,289	–	–	–	–	–	(58,008)	–	(55,719)
Charged to other comprehensive income	–	–	–	–	2,892	–	1,077	–	3,969
Disposal of subsidiaries	(209)	–	–	–	–	–	–	–	(209)
As at 31 December 2022	204,673	29,621	48,998	4,178	1,328	4,981	(354,159)	(6,198)	(66,578)

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related benefit through the future taxable profits is probable. The Group did not recognise deferred tax assets of RMB22,178,000 (2021: RMB16,509,000) in respect of tax losses amounting to RMB129,302,000 (2021: RMB75,087,000) as it is not probable that taxable profit will be available against which the deductible temporary difference can be utilised.

29. Financial Liabilities for Put Options

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Financial liabilities for put options	**144,333**	107,358
Less: Current portion	**(144,333)**	(107,358)
Non-current portion	**–**	–

In March 2019, the Company entered into equity interests transfer agreement with the NCI of Harbin Jingyang, pursuant to which, the Company issued put option to the NCI which grant its right to sell the 32% equity interest in Harbin Jingyang back to the Company and would be expired in 2022. The put option written on the non-controlling interests of Harbin Jingyang was then regarded as redemption liabilities determined as the present value of future cash outflows assuming the exercise of the put option by the NCI, with corresponding charges in equity.

In April 2019, the Company entered into equity interests transfer agreement with the non-controlling interests of Qingdao Huaren, pursuant to which, the Company issued put option to the NCI which grant its right to sell the all remaining equity interest in Qingdao Huaren back to the Company and would be expired during 2021 to 2023. The put option written on the NCI of Qingdao Huaren was then regarded as redemption liabilities determined as the present value of future cash outflows assuming the exercise of the put option by the NCI, with corresponding charges in equity.

The valuation of the redemption liabilities for initial recognition was determined using the discounted cash flow method under the income approach. The significant unobservable inputs are expected discount rate as at the exit date which was determined by the probability-weighted average of floating premiums under three financial projection scenarios prepared by management, and the expected discount rate which was determined using the capital asset pricing model. The redemption liabilities are subsequently accreted through "finance costs".

29. Financial Liabilities for Put Options (Continued)

The movement of the redemption liabilities is set out below:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Opening balance	**107,358**	94,775
Changes in fair value (Note 10)	**31,086**	(2,330)
Changes in discounted present value (Note 11)	**5,889**	14,913
	144,333	107,358
Less: current portion	**(144,333)**	(107,358)
Non-current portion	**–**	–

30. Dividends

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Dividends	**582,200**	693,334

(a) A final dividend of RMB0.41 per share for the year ended 31 December 2021, totalling RMB582,200,000 were declared at the annual general meeting held on 17 June 2022. These dividends have been distributed out of the Company's retained earnings and paid in cash.

(b) The Board did not recommend any payment of final dividend for the year ended 31 December 2022.

31. Cash Flow Information

(a) Cash generated from operations

	2022 RMB'000	2021 RMB'000
Profit before income tax	**2,451,951**	3,075,574
Adjustments for:		
– Depreciation of PPE (Note 15(a))	**92,742**	68,839
– Amortisation of intangible assets (Note 17)	**213,057**	173,525
– Amortisation of right-of-use assets (Note 15(b))	**45,422**	39,761
– Impairment losses on financial assets	**465,623**	160,181
– Losses on disposal of PPE and investment properties (Note 10)	**3,277**	6,300
– Share of post-tax profits of joint ventures and associates (Note 12(b))	**(56,393)**	(31,534)
– Interest income from loans to related parties (Note 9)	**(2,222)**	(2,518)
– Interest income from loans to third parties	**(98,443)**	–
– Gains from disposal of investments accounted for using the equity method (Note 10)	**(403)**	(58,748)
– Gains on redemption and disposal of financial assets at FVPL (Note 10)	**(222,358)**	–
– Fair value gains on financial assets at FVPL (Note 10)	**–**	(31,549)
– Fair value losses/(gains) on put options (Note 10)	**31,086**	(2,330)
– Fair value gains on investment properties (Note 10)	**(23,271)**	(595)
– (Losses)/Gains on disposal of subsidiaries (Note 10)	**1,301**	(22,039)
– Finance costs (Note 11)	**18,565**	24,888
– Foreign exchange losses	**5,063**	2,110
– Share-based payments (Note 8)	**39,990**	–
Changes in working capital:		
– Restricted cash	**(8,498)**	(21,721)
– Inventories	**(7,327)**	15,293
– Trade and other receivables	**(4,169,603)**	(568,604)
– Trade and other payables	**942,982**	157,444
– Contract liabilities	**51,303**	181,215
	(226,156)	3,165,492

31. Cash Flow Information (Continued)

(b) A reconciliation of liabilities arising from financing activities is as follows:

	Borrowings RMB'000 (Note 26)	Lease liabilities RMB'000 (Note 15(b))	Dividends payable RMB'000 (Note 27)	Other payables – related parties RMB'000 (Note 36(d))	Other payables – third parties (excluding trade nature) RMB'000	Total RMB'000
As at 1 January 2021	233,736	37,088	91,224	82,140	37,497	481,685
Cash flows						
– Inflow from financing activities	20,264	–	–	25,095	64,579	109,938
– Outflow from financing activities	(306,439)	(44,640)	(874,965)	–	(50,755)	(1,276,799)
Non-cash changes						
– Additions of lease liabilities	–	43,969	–	–	–	43,969
– Finance costs recognised (Note 11)	–	3,507	–	–	4,686	8,193
– Exchange gains	–	–	–	–	(1,216)	(1,216)
– Accrued dividends	–	–	884,497	–	–	884,497
– Acquisition of subsidiaries	155,968	37,930	45,475	–	9,122	248,495
– Disposal of subsidiaries	(25,000)	(26)	(18,922)	–	(37,497)	(81,445)
– Disposal of ROU	–	(70)	–	–	–	(70)
As at 31 December 2021 and 1 January 2022	78,529	77,758	127,309	107,235	26,416	417,247
Cash flows						
– Inflow from financing activities	**95,418**	**–**	**–**	**54,139**	**15,743**	**165,300**
– Outflow from financing activities	**(69,127)**	**(55,812)**	**(741,728)**	**–**	**(10,366)**	**(877,033)**
– Inflow from operating activities	**–**	**–**	**–**	**91,553**	**–**	**91,553**
Non-cash changes						
– Additions of lease liabilities	**–**	**29,399**	**–**	**–**	**–**	**29,399**
– Finance costs recognised (Note 11)	**–**	**6,974**	**–**	**–**	**–**	**6,974**
– Accrued dividends	**–**	**–**	**731,545**	**–**	**–**	**731,545**
– Disposal of ROU	**–**	**(6,129)**	**–**	**–**	**–**	**(6,129)**
As at 31 December 2022	**104,820**	**52,190**	**117,126**	**252,927**	**31,793**	**558,856**

31. Cash Flow Information (Continued)

(c) Non cash transactions

i. The Group entered into certain lease contracts in which additions of ROU and lease liabilities amounting to RMB29,399,000 (2021: RMB43,969,000) was recognised during the year ended 31 December 2022.

ii. Trade receivables of RMB171,139,000 (2021: nil) was settled by the debtors via transfer of certain properties to the Group.

iii. Financial assets at FVPL with a carrying amount of RMB859,037,000 (2021: nil) were disposed at the consideration of RMB964,000,000 (2021: nil), which were fully settled subsequent to the reporting date.

32. Contingencies

As at 31 December 2021, the Group pledged its fixed deposit of RMB3,300,200,000 as collateral to certain business development partners for bank borrowings and facilities. Should there be any default by the business partners in settlement of the bank borrowings and facilities, the corresponding pledged deposits will be executed by the respective banks as collateral. The Group cancelled the pledge agreements with the respective banks and the pledges of cash deposits have been released during the year ended 31 December 2022 without any default.

33. Commitments

(a) Capital commitments

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Contracted by not provided for		
Acquisitions of additional equity interests from NCI	**212,643**	–

(b) Operating lease commitments – as lessee

The Group leases offices and staff dormitories under non-cancellable operating lease agreements. The lease terms are between one month and 15 years (2021: one month and 15 years).

The Group has recognised right-of-use assets for these leases, except for short-term and low-value leases, see Note 15(b) for further information.

34. Business Combinations

During the year ended 31 December 2022, the Group completed certain acquisitions of equity interests in certain property management companies, mainly included 100% equity interests in Tiantongyuan and 90% equity interest in Tianjin Moruisi Property Management Service Co., Ltd.*（天津摩瑞思房地產經營服務有限公司）at an aggregate purchase consideration of RMB403,910,000. Goodwill of RMB191,670,000 and total identifiable net assets attributable to the Group of RMB212,240,000 were recognised.

Goodwill primarily arose from the expected future development of these companies' business, improvement on market coverage, enriching the service portfolio, integrating value-added services, and improvement on management efficiency, etc. Goodwill recognised is not expected to be deductible for income tax purposes.

Details of the purchase considerations, the net assets acquired are as follows:

	As at the respective acquisition date RMB'000
Purchase consideration	
Cash consideration	403,910
Total purchase consideration	403,910
Recognised amounts of identifiable assets acquired and liabilities assumed	
PPE (Note 15)	3,400
Customer relationship and backlogs (included in other intangible assets) (Note 17)	232,033
Deferred income tax assets (Note 28)	2,289
Trade and other receivables (Note (b))	27,262
Inventories	1,108
Cash and cash equivalents (Note (a))	325,225
Trade and other payables	(267,445)
Contract liabilities	(43,366)
Current income tax liabilities	(8,143)
Deferred income tax liabilities (Note 28)	(58,008)
Total identifiable net assets	214,355
Less: NCI	(2,115)
Identifiable net assets attributable to the Group	212,240
Goodwill (Note 17)	191,670

* The English name of the subsidiaries represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

34. Business Combinations (Continued)

(a) Net cash outflow arising on acquisition during the year ended 31 December 2022:

	RMB'000
Total fair value of cash consideration	403,910
Less: Cash considerations paid in prior year	(120,000)
Add: cash considerations paid for a company acquired in the previous years	4,528
Cash considerations paid in the year	288,438
Less: Cash and cash equivalents in the subsidiaries acquired	(325,225)
Cash inflow in the year	(36,787)

(b) Acquired receivables

The fair value of trade and other receivables is RMB27,262,000. The gross contractual amount for trade receivables due is RMB36,484,000 of which RMB9,222,000 is expected to be uncollectible.

(c) Revenue and profit contribution

The acquired businesses contributed revenues of RMB280,984,000 and net profit of RMB25,518,000 to the Group for the period from the acquisition date to 31 December 2022.

If the acquisitions had occurred on 1 January 2022, the Group's consolidated pro-forma revenue and comprehensive income for the year ended 31 December 2022 would have been RMB15,378,576,000 and net profit of RMB1,934,932,000 respectively.

No contingent liability has been recognised for the business combination during the year ended 31 December 2022.

35. Disposal of Subsidiaries

During the year ended 31 December 2022, one of the subsidiaries (2021: certain subsidiaries) of the Group were disposed of with no cash considerations (2021: RMB155,000,000):

	Note	As at the respective dates of the disposals RMB'000
Disposal considerations		
– Cash consideration received		–
– Transfer of unsettled acquisition consideration of a subsidiary disposed of		–
		–
Less:		
– Carrying value of net assets of the subsidiary		(1,301)
Loss on disposal of the subsidiary	10	(1,301)
Cash proceeds from disposal, net of cash disposed of		
Cash consideration received		–
Less: cash and cash equivalents in the subsidiary		(1,000,115)
Net cash outflow on disposals		(1,000,115)

36. Related Party Transactions

(a) Name and relationship with related parties

Name	Relationship
Agile Holdings and its subsidiaries 雅居樂集團控股有限公司及其附屬公司	Ultimate holding company and its subsidiaries
Founding Shareholders, including Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Ms. Luk Sin Fong, Fion, Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei, and Mr. Chan Cheuk Nam (the "Founding Shareholders")	Founding shareholders of Agile Holdings
Zhongshan A-Living 中山雅生活企業管理服務有限公司	Controlling shareholder of the Company
Deluxe Star International Limited 旺紀國際有限公司	Intermediate holding company
Greenland Holdings and its subsidiaries 綠地控股集團有限公司及其附屬公司	A shareholder having significant influence on the Company and its subsidiaries
CMIG Futurelife Holding Group Co., Ltd* ("CMIG") and its subsidiaries 中民未來控股集團有限公司及其附屬公司	Non-controlling shareholder with significant influence and its subsidiaries
Zhongshan Agile Changjiang Hotel Co., Ltd* 中山雅居樂長江酒店有限公司	Controlled by the Founding Shareholders
Zhongshan Changjiang Golf Course* 中山長江高爾夫球場	Controlled by the Founding Shareholders
Hainan Agile Lehan Hotel Management Co., Ltd* 海南雅居樂瀚海酒店管理有限公司	Controlled by the Founding Shareholders
Chengdu Xueling Enterprise Management Co., Ltd.* 成都雪瓴企業管理有限公司	Associate of Agile Holdings
Jinzhong Jintianheyi Property Development Co., Ltd.* 晉中錦添合意房地產開發有限公司	Associate of Agile Holdings

36. Related Party Transactions (Continued)

(a) Name and relationship with related parties (Continued)

Name	Relationship
Sichuan Yacan Real Estate Development Co., Ltd.* 四川雅燦房地產開發有限公司	Associate of Agile Holdings
Foshan Changzhong Property Development Co., Ltd.* 佛山市昌重房地產開發有限公司	Associate of Agile Holdings
Foshan Sanshui Qingmei Real Estate Development Co., Ltd.* 佛山市三水區擎美房地產有限公司	Associate of Agile Holdings
Sichuan Yaheng Real Estate Development Co., Ltd.* 四川雅恆房地產開發有限公司	Associate of Agile Holdings
Avic Meili Urban and Rural Sanitation Group Co., Ltd.* 中航美麗城鄉環衛集團有限公司	Associate of the Group
Chongqing Weishi Property Management Co., Ltd.* 重慶衛士物業管理有限公司	Associate of the Group
Nanjing Haiyue Property Management Co., Ltd* 南京海玥物業管理有限公司	Associate of the Group
Shanghai Zunrong Security Service Co., Ltd. 上海尊榮保安服務有限公司	Associate of the Group
Shenzhen Huilongcheng Property Management Co., Ltd.* 深圳市匯龍城物業管理有限公司	Associate of the Group
Square Asset Management Limited.*	Associate of the Group

36. Related Party Transactions (Continued)

(a) Name and relationship with related parties (Continued)

Name	Relationship
Tianjin Zhuosen Business Management Co., Ltd.* 天津卓森商業管理有限公司	Associate of the Group
Guangzhou Huibang Property Co., Ltd.* 廣州市暉邦置業有限公司	Joint venture of Greenland Holdings
Greenland Hangzhou Shuangta Property Co., Ltd.* 綠地控股集團杭州雙塔置業有限公司	Joint venture of Greenland Holdings
Guangzhou Greenland Baiyun Property Co., Ltd.* 廣州綠地白雲置業有限公司	Joint venture of Greenland Holdings
Huizhou Huiyang Agile Real Estate Development Co., Ltd* 惠州市惠陽雅居樂房地產開發有限公司	Joint venture of Agile Holdings
Beihai Yaguang Property Development Co., Ltd.* 北海雅廣房地產開發有限公司	Joint venture of Agile Holdings
Guangxi Fuya Investments Co., Ltd.* 廣西富雅投資有限公司	Joint venture of Agile Holdings
Henan Yafu Property Co., Ltd.* 河南雅福置業有限公司	Joint venture of Agile Holdings
Huizhou Bailuhu Tour Enterprise Development Co., Ltd.* 惠州白鷺湖旅遊實業開發有限公司	Joint venture of Agile Holdings
Weihai Yalan Investment Co., Ltd.* 威海雅藍投資開發有限公司	Joint venture of Agile Holdings
Zhuhai Yahan Real Estate Development Co., Ltd.* 珠海市雅瀚房地產開發有限公司	Joint venture of Agile Holdings
Zhuhai Yahao Real Estate Development Co., Ltd.* 珠海市雅灝房地產開發有限公司	Joint venture of Agile Holdings

36. Related Party Transactions (Continued)

(a) Name and relationship with related parties (Continued)

Name	Relationship
Kaifeng Fenghui Property Co., Ltd.* 開封豐輝置業有限公司	Joint venture of Agile Holdings
Wenhua Zhongshan Real Estate Co., Ltd.* 中山市文華房地產有限公司	Joint venture of Agile Holdings
Guigang Shenghe Property Service Co., Ltd.* 貴港市盛和物業服務有限公司	Joint venture of the Group
Hangzhou Lvsong Property Services Co., Ltd.* 杭州綠宋物業服務有限公司	Joint venture of the Group
Qingdao Qinglv City Services Co., Ltd.* 青島青旅城市服務有限公司	Joint venture of the Group

The above table lists the principal related parties of the Group which, in the opinion of the directors, principally affect the results and net assets of the Group.

* The English name of the related parties represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

36. Related Party Transactions (Continued)

(b) Transactions with related parties

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Provision of services		
Entities controlled by Agile Holdings	**1,709,635**	2,711,655
Joint ventures and associates of Agile Holdings	**205,084**	418,184
Greenland Holdings and entities controlled by Greenland Holdings	**244,157**	748,652
Joint ventures and associates of the Group	**12,814**	13,052
Entities controlled by the Founding Shareholders	**–**	776
Joint ventures of Greenland Holdings	**80**	305
	2,171,770	3,892,624

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Purchase of services		
An associate of the Group	**92,488**	25,606
Controlled by Agile Holdings	**16,047**	21,972
Joint ventures and associates of Agile Holdings	**1,877**	2,079
Greenland Holdings and entities controlled by Greenland Holdings	**12,076**	9,598
CMIG and entities controlled by CMIG	**517**	–
Joint ventures of Greenland Holdings	**79**	–
	123,084	59,255

36. Related Party Transactions (Continued)

(b) Transactions with related parties (Continued)

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Interest income received on loans due from related parties		
Associates of the Group	**2,222**	2,518

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Rental expenses paid relating to short-term and low-value leases		
Entities controlled by Agile Holdings	**2,708**	1,097
Entities controlled by the Founding Shareholders	**2,306**	2,203
A founding shareholder of Agile Holdings	**223**	–
	5,237	3,300

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Interest expense for lease liabilities		
Entities controlled by Agile Holdings	**140**	108
A Founding Shareholder of Agile Holdings	**–**	11
Joint venture of the Group	**41**	4
	181	123

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Payment of lease liabilities		
Entities controlled by Agile Holdings	**1,540**	1,295
A Founding Shareholder of Agile Holdings	**–**	429
Joint venture of the Group	**445**	47
	1,985	1,771

All of the transactions above were carried out in the normal course of the Group's business and on terms as agreed between the transacting parties.

36. Related Party Transactions (Continued)

(c) Key management compensation

Compensations for key management other than those for directors and supervisors as disclosed in Note 38 are set out below.

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Salaries and other short-term employee benefits	**4,000**	7,583
Share-based payments	**6,099**	–
Bonus	**–**	912
Contribution to pension scheme	**82**	144
	10,181	8,639

(d) Balances with related parties

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Due from related parties		
Trade receivables		
Entities controlled by Agile Holdings	**2,403,254**	631,094
Greenland Holdings and entities controlled by Greenland Holdings	**551,768**	544,532
Joint ventures and associates of Agile Holdings	**455,060**	323,270
Joint ventures and associates of the Group	**7,343**	15,882
CMIG and entities controlled by CMIG	**3,932**	5,468
Joint ventures of Greenland Holdings	**2,885**	3,757
	3,424,242	1,524,003
Other receivables		
Joint ventures and associates of the Group	**98,509**	208,960
Entities controlled by Agile Holdings	**726,147**	28,291
Greenland Holdings and entities controlled by Greenland Holdings	**56,053**	19,760
Joint ventures and associates of Agile Holdings	**13,337**	18,090
Entities controlled by the Founding Shareholders	**2,115**	2,912
CMIG and entities controlled by CMIG	**–**	165
	896,161	278,178
Prepayments		
Greenland Holdings and entities controlled by Greenland Holdings	**284,983**	285,142
Associates of the Group	**13,423**	2,000
Entities controlled by Agile Holdings	**–**	1,412
Associates of Agile Holdings	**1,719**	203
Joint venture of Agile Holdings	**–**	31
	300,125	288,788
	4,620,528	2,090,969

36. Related Party Transactions (Continued)

(d) Balances with related parties (Continued)

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Due to related parties		
Trade payables		
Associates of the Group	55,056	42,730
Entities controlled by Agile Holdings	3,128	21,439
CMIG and entities controlled by CMIG	1,054	2,076
Greenland Holdings and entities controlled by Greenland Holdings	17,704	320
Joint ventures and associates of Agile Holdings	–	253
	76,942	66,818
Other payables (Note (i))		
Entities controlled by Agile Holdings	114,903	92,599
Associates of the Group	125,210	7,661
Greenland Holdings and entities controlled by Greenland Holdings	9,098	3,883
Joint ventures of Agile Holdings	3,573	2,614
A Founding Shareholder of Agile Holdings	143	445
Associates of Agile Holdings	–	33
	252,927	107,235
Contract liabilities		
Entities controlled by Agile Holdings	227	37,382
Joint ventures and associates of Agile Holdings	–	8,042
Greenland Holdings and entities controlled by Greenland Holdings	–	3,461
	227	48,885
	330,096	222,938

(i) Other payables due to related parties mainly represented the receipts of communal area income on behalf of the properties' owners, which are interest-free and repayable on demand.

36. Related Party Transactions (Continued)

(e) Loans and interest receivables due from related parties

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
As at beginning of the year	**197,243**	–
Addition	**–**	194,725
Repayments from related parties	**(63,348)**	–
Non-cash changes (Note 34(a))	**(120,000)**	–
Interest income (Note 9)	**2,222**	2,518
As at end of the year	**16,117**	197,243

Loans and interest receivables due from related parties bear an interest rate of 1.0% to 5.6% (2021: 1.0% to 5.6%) per annum and are repayable in one year or on demand.

37. Balance Sheet and Reserve Movement of the Company

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Assets		
Non-current assets		
Property, plant and equipment	**58,257**	61,111
Right-of-use assets	**7,588**	8,417
Other intangible assets	**680**	1,127
Investments accounted for using the equity method	**617,037**	601,258
Deferred income tax assets	**21,572**	5,632
Investments in subsidiaries	**3,887,448**	3,555,182
Prepayments	**24,668**	20,014
Financial assets at fair value through profit or loss	**3,238**	2,808
	4,620,488	4,255,549
Current assets		
Trade and other receivables	**8,305,413**	6,786,943
Inventories	**12,093**	10,610
Financial assets at fair value through profit or loss	**2,014**	494,043
Restricted cash	**95**	90
Cash and cash equivalents	**275,713**	1,916,567
	8,595,328	9,208,253
Total assets	**13,215,816**	13,463,802

37. Balance Sheet and Reserve Movement of the Company (Continued)

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Equity		
Equity attributable to shareholders of the Company		
Share capital	**1,420,001**	1,420,001
Other reserves (Note (a))	**6,118,568**	6,021,627
Retained earnings	**902,643**	1,275,466
Total equity	**8,441,212**	8,717,094
Liabilities		
Non-current liabilities		
Lease liabilities	**3,672**	4,269
Contract liabilities	**17,797**	74,936
	21,469	79,205
Current liabilities		
Contract liabilities	**507,876**	375,457
Trade and other payables	**4,134,895**	4,092,278
Current income tax liabilities	**33,763**	152,300
Financial liabilities for put options	**72,450**	43,113
Lease liabilities	**4,151**	4,355
	4,753,135	4,667,503
Total liabilities	**4,774,604**	4,746,708
Total equity and liabilities	**13,215,816**	13,463,802

The balance sheet of the Company was approved by the Board of Directors on 28 March 2023 and was signed on its behalf:

Chan Cheuk Hung	**Huang Fengchao**
Director	*Director*

37. Balance Sheet and Reserve Movement of the Company (Continued)

(a) Reserve movement of the Company

	Share premium RMB'000	Statutory reserve RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2021	3,138,053	240,825	(26,051)	3,352,827
Appropriation of statutory reserves (Note 25(a))	–	77,956	–	77,956
Placing of new H Shares	2,590,844	–	–	2,590,844
As at 31 December 2021 and 1 January 2022	**5,728,897**	**318,781**	**(26,051)**	**6,021,627**
Appropriation of statutory reserves (Note 25(a))	**–**	**56,951**	**–**	**56,951**
Share-based payments (Note 8(a))	**–**	**–**	**39,990**	**39,990**
As at 31 December 2022	**5,728,897**	**375,732**	**13,939**	**6,118,568**

38. Directors' and Supervisors' Benefits and Interests

During the year ended 31 December 2022, the directors and supervisors are listed in the following:

Executive Directors
Mr. Chan Cheuk Hung (Note (a)(i), (f)) (Co-chairman)
Mr. Huang Fengchao (Note (a)(i), (f)) (Co-chairman)
Mr. Li Dalong (Note (a)(ii), (f)) (President (General Manager) and Chief Executive Officer)

Non-executive Directors
Mr. Wei Xianzhong (Note (a)(ii))
Ms. Yue Yuan (Note (a)(iii))

Independent Non-executive Directors
Mr. Wan Kam To (Note (a)(ii))
Ms. Wong Chui Ping Cassie (Note (a)(ii)) (Resigned on 15 December 2022)
Mr. Wang Peng (Note (a)(ii)) (Removed from 21 January 2022)
Mr. Weng Guoqiang (Appointed on 21 January 2022)

Supervisors
Mr. Liu Jianrong (Note (a)(ii))
Ms. Huang Zhixia (Note (a)(ii))
Mr. Shi Zhengyu (Note (a)(ii))
Mr. Wang Gonghu (Note (a)(ii))
Mr. Wang Shao (Note (a)(ii))

38. Directors' and Supervisors' Benefits and Interests (Continued)

(a) Directors' and supervisors' emoluments

The directors and supervisors received emoluments from the Group for the year ended 31 December 2022 as follows:

Name	Fees RMB'000	Salaries RMB'000	Share-based payments RMB'000	Bonus RMB'000	Housing allowance and contributions to a retirement benefit scheme RMB'000	Total RMB'000
Executive directors						
Mr. Li Dalong (Note (a)(ii), (f))	–	1,940	–	–	77	2,017
Independent non-executive directors						
Mr. Wan Kam To (Note (a)(ii))	516	–	–	–	–	516
Ms. Wong Chui Ping Cassie (Note (a)(ii))	457	–	–	–	–	457
Mr. Weng Guoqiang	347	–	–	–	–	347
Supervisors						
Mr. Liu Jianrong (Note (a)(ii))	–	471	1,136	–	70	1,677
Ms. Huang Zhixia (Note (a)(ii))	–	303	–	–	27	330
Mr. Wang Gonghu (Note (a)(ii))	–	120	–	–	–	120
Mr. Wang Shao (Note (a)(ii))	–	120	–	–	–	120
	1,320	2,954	1,136	–	174	5,584

The directors and supervisors received emoluments from the Group for the year ended 31 December 2021 as follows:

Name	Fees RMB'000	Salaries RMB'000	Bonus RMB'000	Housing allowance and contributions to a retirement benefit scheme RMB'000	Total RMB'000
Executive directors					
Mr. Li Dalong (Note (a)(ii), (f))	–	2,310	–	75	2,385
Independent non-executive directors					
Mr. Wan Kam To (Note (a)(ii))	337	–	–	–	337
Ms. Wong Chui Ping Cassie (Note (a)(ii))	337	–	–	–	337
Supervisors					
Mr. Liu Jianrong (Note (a)(ii))	–	689	–	99	788
Ms. Huang Zhixia (Note (a)(ii))	–	305	–	29	334
Mr. Wang Gonghu (Note (a)(ii))	–	120	–	–	120
Mr. Wang Shao (Note (a)(ii))	–	120	–	–	120
	674	3,544	–	203	4,421

38. Directors' and Supervisors' Benefits and Interests (Continued)

(a) Directors' and supervisors' emoluments (Continued)

(i) The executive directors, Mr. Huang Fengchao and Mr. Chan Cheuk Hung received emoluments totalling RMB5,476,000 during the year ended 31 December 2022 (2021: RMB9,104,000), which were borne by related parties of the Group. Mr. Huang Fengchao and Mr. Chan Cheuk Hung were also directors of Agile Holdings during the year ended 31 December 2022, and their emoluments were not allocated to the Group as the management of the Company considers there is no reasonable basis of allocation.

(ii) The executive directors, Mr. Li Dalong, independent non-executive directors, Mr. Wan Kam To, Ms. Wong Chui Ping Cassie, Mr. Weng Guoqiang and the Supervisors, Mr. Liu Jianrong, Ms. Huang Zhixia, Mr. Wang Gonghu and Mr. Wang Shao did not receive any emoluments from the related parties of the Group for the year ended 31 December 2022 (2021: nil).

The Supervisor Mr. Shi Zhengyu did not receive any emoluments from the Group or the related parties of the Group for the year ended 31 December 2022 (2021: nil).

The non-executive director Mr. Wei Xianzhong did not receive any emoluments from the Group or the related parties of the Group for the year ended 31 December 2022 (2021: nil).

(iii) The non-executive director Ms. Yue Yuan received emoluments totalling RMB2,303,000 (2021: RMB5,315,000) during the year ended 31 December 2022, which were borne by related parties of the Group. Ms. Yue Yuan was also management of Agile Holdings during the year ended 31 December 2022, and her emolument was not allocated to the Group as the management of the Company considers there is no reasonable basis of allocation.

(b) Retirement benefits of directors and supervisors

During the year ended 31 December 2022, there were no additional retirement benefit received by the directors and supervisors except for the housing allowance and contributions to a retirement benefit scheme as disclosed in Note (a) above (2021: nil).

(c) Termination benefits of directors and supervisors

During the year ended 31 December 2022, there were no termination benefits received by the directors and supervisors (2021: nil).

38. Directors' and Supervisors' Benefits and Interests (Continued)

(d) Consideration provided to third parties for making available the services of directors and supervisors

During the year ended 31 December 2022, no consideration was paid for making available the services of the directors or supervisors of the Company (2021: nil).

(e) Information about loans, quasi-loans and other dealings in favor of directors and supervisors, controlled bodies corporate by and connected entities with such directors and supervisors

During the year ended 31 December 2022, there were no loans, quasi-loans and other dealings entered into by the Company or subsidiaries undertaking of the Company, where applicable, in favor of directors and supervisors (2021: nil).

(f) Material interests of directors and supervisors in transactions, arrangements or contracts

Mr. Chan Cheuk Hung is one of the Founding Shareholders and executive directors of Agile Holdings, the Company's ultimate holding company. Mr. Chan Cheuk Hung, is one of the beneficiaries of a family trust, which indirectly held 54.75% equity interests in Agile Holdings as at 31 December 2022 (at 31 December 2021: 62.63%). The Group's transactions with Agile Holdings and related entities are set out in Note 36.

Gongqingcheng Investment was established under the laws of the PRC. On 26 July 2017, the Company and Gongqingcheng Investment entered into a capital increase agreement, pursuant to which Gongqingcheng Investment shall subscribe for 8,000,000 shares of the Company at a cash consideration of RMB200,000,000. As at 31 December 2022, Gongqingcheng Yagao Investment Management Co., Ltd.* was Gongqingcheng Investment's general partner and Shanghai Yongya Business Consultancy Limited Partnership, Shanghai Yeya Business Consultancy Limited Partnership, Mr. Huang Fengchao（黃奉潮）, Mr. Li Dalong（李大龍）and Mr. Feng Xin（馮欣）were its limited partners.

Except for those mentioned above, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director or supervisor of the Company had interests, whether directly or indirectly, subsisted at the years ended 31 December 2022 and 2021 or at any time during the years ended 31 December 2022 and 2021.

Consolidated Income Statement

	Year ended 31 December				
	2022	2021	2020	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	15,378,576	14,080,089	10,026,147	5,127,293	3,376,749
Cost of sales	(11,994,599)	(10,211,343)	(7,053,112)	(3,244,433)	(2,086,808)
Gross profit	3,383,977	3,868,746	2,973,035	1,882,860	1,289,941
Selling and marketing expenses	(93,446)	(141,635)	(77,139)	(43,103)	(45,951)
Administrative expenses	(851,665)	(778,131)	(548,295)	(294,976)	(302,246)
(Impairment losses)/reversal of losses on financial assets	(465,623)	(160,181)	(97,406)	(12,236)	2,750
Other income	232,246	178,059	198,515	131,126	100,469
Other gains – net	208,634	102,070	17,136	24,484	31,317
Operating profit	2,414,123	3,068,928	2,465,846	1,688,155	1,076,280
Finance costs	(18,565)	(24,888)	(40,358)	(16,348)	(917)
Share of post-tax profits of joint ventures and associates	56,393	31,534	62,261	22,635	–
Profit before income tax	2,451,951	3,075,574	2,487,749	1,694,442	1,075,363
Income tax expenses	(517,019)	(510,005)	(515,015)	(402,854)	(264,484)
Profit for the year	1,934,932	2,565,569	1,972,734	1,291,588	810,879
Profit attributable to:					
– Shareholders of the Company	1,839,601	2,308,458	1,754,411	1,230,764	801,045
– Non-controlling interests	95,331	257,111	218,323	60,824	9,834
	1,934,932	2,565,569	1,972,734	1,291,588	810,879
Earnings per share (expressed in RMB per share)					
– Basic and diluted earnings per share	1.30	1.67	1.32	0.92	0.62

Consolidated Assets, Equity and Liabilities

	As at 31 December				
	2022	2021	2020	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets					
Non-current assets	7,400,848	6,770,418	4,874,828	2,563,948	1,307,867
Current assets	15,300,866	13,410,959	9,100,125	6,823,567	5,988,682
Total assets	22,701,714	20,181,377	13,974,953	9,387,515	7,296,549
Equity and Liabilities					
Total equity	14,124,594	12,910,928	8,657,400	6,505,685	5,510,037
Liabilities					
Non-current liabilities	388,985	513,629	452,383	191,678	60,218
Current liabilities	8,188,135	6,756,820	4,865,170	2,690,152	1,726,294
Total liabilities	8,577,120	7,270,449	5,317,553	2,881,830	1,786,512
Total equity and liabilities	22,701,714	20,181,377	13,974,953	9,387,515	7,296,549