The following is the text of a report on Zhong An Intelligent Living Service Limited, prepared for the purpose of incorporation in this document received from the independent reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF ZHONG AN INTELLIGENT LIVING SERVICE LIMITED, CHINA MERCHANTS SECURITIES (HK) CO., LIMITED AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Zhong An Intelligent Living Service Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-64, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2020, 2021 and 2022 (the "Relevant Periods"), and the consolidated statements of financial position of the Group as of 31 December 2020, 2021 and 2022 and the statements of financial position of the Company as of 31 December 2020, 2021 and 2022 and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-64 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated **[REDACTED]** (the "Document") in connection with the **[REDACTED]** of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group as of 31 December 2020, 2021 and 2022 and of the financial position of the Company as of 31 December 2020, 2021 and 2022, and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 10 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

No historical financial statements for the Company

As of the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

Certified Public Accountants
Hong Kong

[REDACTED]

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December		
		2020	**2021**	**2022**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
REVENUE	5	230,695	295,694	319,735
Cost of sales		(143,894)	(184,589)	(203,397)
GROSS PROFIT		86,801	111,105	116,338
Other income	5	5,390	1,810	2,155
Administrative expenses		(26,498)	(56,072)	(47,573)
Impairment losses on financial assets, net		(2,500)	(333)	(2,660)
PROFIT BEFORE TAX	6	63,193	56,510	68,260
Income tax expenses	9	(16,144)	(14,720)	(17,325)
PROFIT FOR THE YEAR		47,049	41,790	50,935
Profit attributable to:				
Owners of the parent		36,535	38,991	50,817
Non-controlling interests		10,514	2,799	118
		47,049	41,790	50,935
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic and diluted	11	N/A	N/A	N/A
TOTAL COMPREHENSIVE INCOME, NET OF TAX, FOR THE YEAR		47,049	41,790	50,935
Total comprehensive income attributable to:				
Owners of the parent		36,535	38,991	50,817
Non-controlling interests		10,514	2,799	118
		47,049	41,790	50,935

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		31 December		
		2020	2021	2022
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property and equipment	12	2,863	4,965	4,611
Intangible assets		126	96	66
Deferred tax assets	13	1,487	1,570	2,235
Total non-current assets		4,476	6,631	6,912
CURRENT ASSETS				
Inventories	14	222	81	69
Trade receivables	15	49,966	56,612	89,397
Due from related companies	24	61,147	4,133	10,169
Prepayments, other receivables and other assets	16	12,475	22,984	46,761
Cash and cash equivalents	17	131,219	50,225	44,724
Total current assets		255,029	134,035	191,120
CURRENT LIABILITIES				
Trade payables	18	1,349	762	1,601
Other payables, deposits received and accruals	19	48,270	37,969	42,512
Contract liabilities	20	46,611	45,439	40,118
Due to related companies	24	1,005	1,857	–
Tax payable	9	15,351	12,308	20,535
Total current liabilities		112,586	98,335	104,766
NET CURRENT ASSETS		142,443	35,700	86,354
TOTAL ASSETS LESS CURRENT LIABILITIES		146,919	42,331	93,266
NET ASSETS		146,919	42,331	93,266
EQUITY				
Equity attributable to owners of the parent				
Share capital	21	–	–	–
Reserves	22	118,084	40,680	91,497
		118,084	40,680	91,497
Non-controlling interests		28,835	1,651	1,769
TOTAL EQUITY		146,919	42,331	93,266

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent							
	Share capital	Merger reserve *	Capital reserve*	Statutory reserve *	Retained earnings *	Total	Non-controlling interests	Total equity
	RMB'000 (Note 21)	*RMB'000 (Note 22)*	*RMB'000 (Note 22)*	*RMB'000 (Note 22)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of 1 January 2020	–	19,613	–	3,804	58,132	81,549	18,321	99,870
Profit for the year and total comprehensive income for the year	–	–	–	–	36,535	36,535	10,514	47,049
Transfer from retained earnings	–	–	–	3,948	(3,948)	–	–	–
As of 31 December 2020 and 1 January 2021	–	19,613	–	7,752	90,719	118,084	28,835	146,919
Profit for the year and total comprehensive income for the year	–	–	–	–	38,991	38,991	2,799	41,790
Capital contribution from the then shareholder of a company now comprising the Group	–	90,000	–	–	–	90,000	–	90,000
Dividends declared by companies now comprising the Group to their then shareholders	–	–	–	–	(34,959)	(34,959)	–	(34,959)
Deemed distribution arising from Reorganization *(Note 22)*	–	(109,613)	(61,823)	–	–	(171,436)	(29,983)	(201,419)
Transfer from retained earnings	–	–	–	2,286	(2,286)	–	–	–
As of 31 December 2021 and 1 January 2022	–	–	(61,823)	10,038	92,465	40,680	1,651	42,331
Profit for the year and total comprehensive income for the year	–	–	–	–	50,817	50,817	118	50,935
Transfer from retained earnings	–	–	–	4,104	(4,104)	–	–	–
As of 31 December 2022	–	–	(61,823)	14,142	139,178	91,497	1,769	93,266

* These reserve accounts comprise the total consolidated reserves of RMB118,084,000, RMB40,680,000 and RMB91,497,000 in the consolidated statements of financial position as of 31 December 2020, 2021 and 2022, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
		2020	2021	2022
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		63,193	56,510	68,260
Adjustments for:				
Depreciation of items of property and equipment	6	630	706	934
Amortisation of intangible assets	6	30	30	30
Impairment of trade receivables	6	2,500	333	2,660
		66,353	57,579	71,884
Decrease in inventories		57	141	12
Increase in trade receivables		(18,180)	(6,979)	(35,445)
Increase in prepayments, other receivables and other assets		(5,081)	(10,509)	(23,777)
Decrease/(increase) in amounts due from related companies		18,078	15,492	(6,272)
Increase/(decrease) in trade payables		57	(587)	839
Increase/(decrease) in other payables, deposits received and accruals		7,502	(10,301)	4,543
Increase/(decrease) in contract liabilities		26,935	(1,172)	(5,321)
(Decrease) /increase in amounts due to related companies		(1,585)	2,356	–
Cash generated from operations		94,136	46,020	6,463
Income tax paid		(2,947)	(17,845)	(9,763)
Net cash flows from/(used in) operating activities		91,189	28,175	(3,300)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property and equipment		(1,278)	(2,808)	(580)
Advance to related companies	24	(19,755)	(132,450)	–
Receipt of advances to related companies	24	4,280	177,206	236
Acquisition of a subsidiary		(380)	–	–
Net cash flows (used in)/from investing activities		(17,133)	41,948	(344)

		Year ended 31 December		
		2020	2021	2022
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
CASH FLOWS FROM FINANCING ACTIVITIES				
Capital contribution from the then shareholder of a company now comprising the Group		–	90,000	–
Advances from related companies	24	–	56,830	3,492
Repayment of advances from related companies	24	–	(58,334)	(5,349)
Dividends paid by companies now comprising the Group to their then shareholders		–	(34,959)	–
Acquisition of subsidiaries as part of the Reorganization	22	–	(204,654)	–
Net cash flows used in financing activities		–	(151,117)	(1,857)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		74,056	(80,994)	(5,501)
Cash and cash equivalents at beginning of year		57,163	131,219	50,225
CASH AND CASH EQUIVALENTS AT END OF YEAR		131,219	50,225	44,724
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	17	131,219	50,255	44,724
Cash and cash equivalents as stated in the consolidated statements of cash flows and consolidated statements of financial position		131,219	50,225	44,724

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		Year ended 31 December		
		2020	2021	2022
	Note	*RMB'000*	*RMB'000*	*RMB'000*
CURRENT ASSETS				
Cash and cash equivalents		–*	–*	35
TOTAL CURRENT ASSETS		–*	–*	35
CURRENT LIABILITIES				
Due to related companies**		–*	(969)	(3,925)
TOTAL CURRENT LIABILITIES		–*	(969)	(3,925)
NET CURRENT LIABILITIES		–*	(969)	(3,890)
TOTAL ASSETS LESS CURRENT LIABILITIES		–*	(969)	(3,890)
NET LIABILITIES		–*	(969)	(3,890)
DEFICIENCY IN ASSETS				
Deficiency in assets attributable to owners of the parent				
Share capital	21	–*	–*	–*
Accumulated losses		–*	(969)	(3,890)
DEFICIENCY IN ASSETS		–*	(969)	(3,890)

* The amount is less than RMB1,000.

** As at 31 December 2020, 2021 and 2022, the balances of the Company's due to related companies were as follows:

	Year ended 31 December		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Due to subsidiaries	–*	(969)	(3,925)

Amounts due to subsidiaries are unsecured, interest-free and repayable on demand

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is an exempted company incorporated in the Cayman Islands on 16 November 2020. The registered office address of the Company is Offices of Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1025 Cayman Islands.

The Company is an investment holding company. During the Relevant Periods, the Company's subsidiaries were involved in the provision of property management services, value-added services mainly to property developers and community value-added services in the People's Republic of China (the "PRC").

In the opinion of the Company's directors, the ultimate holding company of the Company is Whole Good Management Limited (the "Ultimate Holding Company"), which was incorporated in the British Virgin Islands ("BVI") and is wholly owned by Mr. Shi Zhongan (alias Shi Kancheng) (the "Controlling Shareholder"), who is the sole director and the sole shareholder of the Ultimate Holding Company. The Ultimate Holding Company is the ultimate holding company of Zhong An Group Limited ("Zhong An"), a company established in the Cayman Islands with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company and its subsidiaries now comprising the Group underwent the Reorganization as set out in the paragraph headed "History, Reorganization and Corporate Structure" in the Document. The Reorganization was completed on 4 June 2021. Apart from the Reorganization, the Company has not commenced any business or operation since its incorporation.

Certain commercial property management and operational services are operated by the business units of certain subsidiaries of Zhong An not comprising the Group (the "Commercial Business Units"). These Commercial Business Units did not exist as a legal or statutory entity. As of the date of this report, the commercial property management and operation business of the Commercial Business Units had been transferred to the Group (the "Business Transfer").

As of the date of this report, the Company had direct or indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Information about subsidiaries

As of the date of this report, particulars of the Company's principal subsidiaries are as follows:

Name	Notes	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company	Principal activities
Throng Unity Service Limited	(1)	BVI 13 November 2020	US$1	100%	Investment holding
Zhong An Management Limited	(5)	Hong Kong 16 November 2020	HK$1	100%	Investment holding
Zhejiang Zhong An Property Management Co., Ltd. . . .	(2)	PRC/ Mainland China 18 November 1998	RMB100,000,000	100%	Property management
Anhui Zhong An Property Management Co., Ltd. . . .	(4)	PRC/ Mainland China 24 November 2003	RMB3,000,000	100%	Property management
Hefei Green Harbor Property Management Co., Ltd. . . .	(2)	PRC/ Mainland China 1 August 2007	RMB500,000	100%	Property management
Zhejiang Chengcheng Property Service Co., Ltd. .	(2)	PRC/ Mainland China 14 January 2009	RMB10,000,000	80%	Property management
Huaibei Zhonghong Property Service Co., Ltd.	(4)	PRC/ Mainland China 30 March 2020	RMB1,000,000	90%	Property management
Zhejiang Runzhou Property Services Co., Ltd.	(2)	PRC/ Mainland China 27 November 2014	RMB13,080,000	100%	Property management
Hangzhou Zhonghong Property Service Co., Ltd. .	(3)	PRC/ Mainland China 18 November 2020	RMB1,000,000	100%	Property management
Yuyao Zhongli Property Management Co., Ltd. . . .	(3)	PRC/ Mainland China 24 November 2020	RMB5,000,000	100%	Property management
Ningbo Zhong An Property Management Co., Ltd. . . .	(6)	PRC/ Mainland China 3 November 2021	RMB1,000,000	100%	Property management
Shaoxing Zhong Ming Property Service Co., Ltd. .	(7)	PRC/ Mainland China 20 July 2022	RMB500,000	57%	Property management

The English names of the companies registered in the PRC represent the best efforts made by the management of the Company to translate the Chinese names of these companies as they do not have official English names.

(1) No audited financial statements have been prepared and issued for this entity as it is not subject to any statutory audit requirement under the relevant rules and regulations in its jurisdiction of incorporation.

(2) The statutory financial statements for the years ended 31 December 2020, 2021 and 2022 prepared in accordance with PRC generally accepted accounting principles and regulations have been audited by Hangzhou Xiaoran Certified Public Accountants Co., Ltd, a certified public accounting firm registered in the PRC.

(3) The statutory financial statements for the years ended 31 December 2021 and 2022 prepared in accordance with PRC generally accepted accounting principles and regulations have been audited by Hangzhou Xiaoran Certified Public Accountants Co., Ltd, a certified public accounting firm registered in the PRC. No statutory audited financial statements of the entities have been prepared for the year ended 31 December 2020.

(4) The statutory financial statements for the years ended 31 December 2020, 2021 and 2022 prepared in accordance with PRC generally accepted accounting principles and regulations have been audited by Anhui Zhilian Certified Public Accountants, a certified public accounting firm registered in the PRC.

(5) The entity was established in 2020 and the statutory audited financial statements of the entity for the year ended 31 December 2021 prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants have been audited by Ascenda Cachet CPA Limited, a certified public accounting firm registered in Hong Kong. No statutory audited financial statements of the entity have been prepared for the year ended 31 December 2022.

(6) The entity was established in 2021 and no statutory audited financial statements of the entity have been prepared for the years ended 31 December 2021 and 2022.

(7) The entity was established in 2022 and no statutory audited financial statements have been prepared since its incorporation or establishment.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganization, as more fully explained in the paragraph headed "Reorganization" in the section headed "History, Reorganization and Corporate Structure" in the Document, the Company became the holding company of the companies now comprising the Group on 4 June 2021. The companies now comprising the Group and the Commercial Business Units were under the common control of the Ultimate Holding Company before and after the Reorganization. Accordingly, for the purpose of this report, the Historical Financial Information has been prepared on a consolidated basis by applying the principles of merger accounting as if the Reorganization and Business Transfer had been completed at the beginning of the Relevant Periods.

The consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Relevant Periods include the results and cash flows of all companies now comprising the Group and the Commercial Business Units from the earliest date presented or since the date when the subsidiaries and the Commercial Business Units first came under the common control of the Ultimate Holding Company, where this is a shorter period. The consolidated statements of financial position of the Group as of 31 December 2020, 2021 and 2022 have been prepared to present the assets and liabilities of the subsidiaries and the Commercial Business Units using the existing book values from the Ultimate Holding Company's perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganization and Business Transfer.

Equity interests in subsidiaries and/or business held by parties other than the Ultimate Holding Company, and changes therein, prior to the Reorganization are presented as non-controlling interests in equity in applying the principles of merger accounting.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All intra-group transactions and balances have been eliminated on consolidation in full.

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB").

All IFRSs effective for the accounting period commencing from 1 January 2022, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Historical Financial Information.

Amendments to IFRS 10 and IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[2]
IFRS 17	*Insurance Contract*[1]
Amendments to IFRS 17	*Insurance Contracts*[1,5]
Amendment to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative Information*[6]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*[2,4]
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*[2]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to IAS 8	*Definition of Accounting Estimates*[1]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]

1 Effective for annual periods beginning on or after 1 January 2023

2 Effective for annual periods beginning on or after 1 January 2024

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024

5 As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

6 An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of IFRS 17

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that, these new and revised IFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial information of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Business combinations other than those under common control and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as of 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

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

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

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

(vi) the entity is controlled or jointly controlled by a person identified in (a);

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

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

Property and equipment and depreciation

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Machinery	10%
Motor vehicles	20%
Office equipment, electronic and other devices	20%

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the reporting period the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of the acquisition. The useful lives of intangible assets are assessed to be finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful lives of 10 years, which is the license period of the software.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. Lease payments on short-term leases and leases of low-value assets that are not capitalised are recognised as an expense on a straight-line basis over the lease term.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially 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. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as of the reporting date with the risk of a default occurring on the financial instrument as of the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables, accruals and amounts due to related companies.

Subsequent measurement

After initial recognition, financial liabilities at amortised cost (payables) are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to disposal.

Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. For the purpose of the statements of financial position, cash and cash equivalents comprise cash on hand and at banks which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of services or goods is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services or goods.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) Property management services income

For property management services, the Group bills a fixed amount for services provided on a monthly basis and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

The Group charged property management fees in respect of the property management services on a lump sum basis. The Group acts as principal and is primarily responsible for providing the property management services to the property owners. The Group recognises the fee received or receivable from property owners as its revenue and all related property management costs as its cost of services.

(b) Value-added services mainly to property developers

Value-added services mainly to property developers mainly include cleaning, security and maintenance services for pre-sale display units and sales offices of property developers at the pre-delivery stage.

The Group agrees the price for each service with the property developers upfront, issues the monthly bill to the property developers which varies based on the actual level of service completed in that month, and recognises revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

Value-added services mainly to property developers also include preliminary planning and design consultancy services and pre-delivery inspection services to property developers, which is recognised as revenue over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation.

(c) Community value-added services

The Group provides community value-added services mainly including advertising spaces and common area of commercial and residential properties management services. Revenue from community value-added services is recognised when the related services are rendered as the customer simultaneously receives and consumes the benefits provided by the Group.

The Group's community value-added services revenue also includes income from the provision of assistance in sales of car parking spaces to third parties, which is recognised when the car parking spaces are transferred to the buyers of car parking spaces.

(d) Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Other staff costs

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries operating in Mainland China are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Interim dividends are simultaneously proposed and declared. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared, and the distribution is no longer at the discretion of the Company.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency because the Group's principal operations are carried out in the PRC. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As of the end of each of the Relevant Periods, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the Relevant Periods and their profits or losses are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of default, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and amounts due from related companies is disclosed in note 15 and note 24.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each of the Relevant Periods. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value-in-use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

4. OPERATING SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker. The chief operating decision maker, 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 Relevant Periods, the Group is principally engaged in the provision of property management services, value-added services mainly to property developers and community value-added services to customers. Management reviews the operating results of the Group's business as one operating segment for the purpose of making decisions about resource allocation and performance assessment. Therefore, the chief operating decision maker of the Company regards that there is only one segment which is used to make strategic decisions.

Geographical information

No geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

Information about major customers

For the years ended 31 December 2020, 2021 and 2022, revenue from Zhong An and its subsidiaries other than the Group (collectively "Zhong An Group") contributed 29.83%, 32.01%, and 32.48%, to the Group's revenue, respectively. Other than the revenue from Zhong An Group, no revenue derived from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for each of the Relevant Periods.

5. REVENUE AND OTHER INCOME

Revenue represents income from property management services, value-added services mainly to property developers and community value-added services during the Relevant Periods.

An analysis of revenue is as follows:

	Year ended 31 December		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers			
Property management services	183,231	205,190	223,593
Value-added services mainly to property developers	33,286	59,193	60,729
Community value-added services	14,178	31,311	35,413
Total	**230,695**	**295,694**	**319,735**

Revenue from contracts with customers

(a) Disaggregated revenue information

Types of services	Property management services	Value-added services mainly to property developers	Community value-added services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2020				
Geographical market				
Mainland China	183,231	33,286	14,178	230,695
Timing of revenue recognition				
Revenue recognised over time	183,231	33,286	10,970	227,487
Revenue recognised at a point in time	–	–	3,208	3,208
	183,231	33,286	14,178	230,695

Types of services	Property management services	Value-added services mainly to property developers	Community value-added services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2021				
Geographical market				
Mainland China	205,190	59,193	31,311	295,694
Timing of revenue recognition				
Revenue recognised over time	205,190	59,193	14,099	278,482
Revenue recognised at a point in time	–	–	17,212	17,212
	205,190	59,193	31,311	295,694

Types of services	Property management services	Value-added services mainly to property developers	Community value-added services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2022				
Geographical market				
Mainland China	223,593	60,729	35,413	319,735
Timing of revenue recognition				
Revenue recognised over time	223,593	60,729	12,281	296,603
Revenue recognised at a point in time	–	–	23,132	23,132
	223,593	60,729	35,413	319,735

The following table shows the amounts of revenue recognised in the Relevant Periods that were included in the contract liabilities at the beginning of each of the Relevant Periods:

	Year ended 31 December		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Property management services	18,450	44,747	43,115

(b) Performance obligations

For property management services, value-added services mainly to property developers and community value-added services, the Group recognises revenue in the amount that equals to the rights to invoices which corresponds directly with the value to the customers of the Group's performance to date. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts because for property management services and certain value-added services mainly to property developers, the Group recognises revenue in the amount that equals the right to invoice which corresponds directly with the value to the customer of the Group's performance to date on a monthly basis. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed. For community value-added services, they are rendered in a short period of time, which is generally less than a year, and there was no unsatisfied performance obligation at the end of the respective periods.

	Year ended 31 December		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Other income			
Interest income	140	284	151
Government grants *	4,636	707	928
Others	614	819	1,076
Total	**5,390**	**1,810**	**2,155**

* The government grants are related to expense and recognised in profit or loss upon receipt of these grants. There are no unfulfilled conditions or contingencies relating to these grants.

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

		Year ended 31 December		
		2020	2021	2022
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Cost of services provided *		143,894	184,589	203,397
Impairment of trade receivables	15	2,500	333	2,660
Depreciation of items of property and equipment	12	630	706	934
Amortisation of intangible assets		30	30	30
[REDACTED]		**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Auditor's remuneration		279	251	146
Staff cost (excluding directors' and chief executive's remuneration):				
Wages and salaries		113,777	137,359	152,984
Pension scheme contributions and social welfare **		8,872	21,797	24,185

* Amounts of RMB111,859,000, RMB138,081,000 and RMB153,192,000 of staff costs were included in "Cost of services provided" in profit or loss during the years ended 31 December 2020, 2021 and 2022, respectively.

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

7. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

On 4 June 2021, Mr. Shi Zhongan was appointed as executive director and the chairman of the board of directors of the Company and Mr. Sun Zhihua, Mr. Lu Jianguo, and Ms. Xu Jianying were appointed as executive directors of the Company.

Certain of the directors received remuneration from the subsidiaries now comprising the Group prior to their appointment as the directors of the Company. Details of the remuneration received or receivable by the directors from the group entities are as follows:

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Fees:			
Directors	–	39	90
Other emoluments:			
Salaries, allowances and benefits in kind	1,083	1,589	1,777
Performance related bonuses	370	690	–
Pension scheme contributions	61	50	75
	1,514	2,329	1,852

(a) Independent non-executive directors

On 14 December 2021, Mr. Chung Chong Sun, Mr. Liang Xinjun and Mr. Chiu Ngam were appointed as independent non-executive directors of the Company. Emolument received or receivable by the independent non-executive directors during the Relevant Periods were as follows:

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Fees:			
Mr. Chung Chong Sun	–	13	30
Mr. Liang Xinjun	–	13	30
Mr. Chiu Ngam	–	13	30
	–	39	90

(b) Executive directors and the chief executive

Year ended 31 December 2020

	Fees	Salaries, allowances and benefits in kind	Performance-related bonuses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Sun Zhihua	–	–	–	–	–
Lu Jianguo	–	781	270	50	1,101
Xu Jianying	–	302	100	11	413
Chief executive and executive director:					
Shi Zhongan	–	–	–	–	–
	–	1,083	370	61	1,514

Year ended 31 December 2021

	Fees	Salaries, allowances and benefits in kind	Performance-related bonuses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Sun Zhihua	–	510	300	8	818
Lu Jianguo.	–	753	270	29	1,052
Xu Jianying	–	326	120	13	459
Chief executive and executive director:.					
Shi Zhongan	–	–	–	–	–
	–	1,589	690	50	2,329

Year ended 31 December 2022

	Fees	Salaries, allowances and benefits in kind	Performance-related bonuses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Sun Zhihua	–	871	–	39	910
Lu Jianguo.	–	595	–	–	595
Xu Jianying	–	311	–	36	347
Chief executive and executive director:.					
Shi Zhongan	–	–	–	–	–
	–	1,777	–	75	1,852

8. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the years ended 31 December 2020, 2021 and 2022 included two executive directors, three executive directors and three executive directors, respectively. Details of those directors’ remuneration are set out in note 7 above. Details of the remuneration for the remaining three, two and two highest paid employees who are neither a director nor chief executive of the Company for the years ended 31 December 2020, 2021 and 2022, respectively, are as follows:

	Year ended 31 December 2020	Year ended 31 December 2021	Year ended 31 December 2022
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	1,286	1,047	1,375
Performance related bonuses	330	100	–
Pension scheme contributions and social welfare	29	24	30
	1,645	1,171	1,405

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees		
	Year ended 31 December 2020	Year ended 31 December 2021	Year ended 31 December 2022
Nil to HK$500,000	1	–	1
HK$500,001 to HK$1,000,000 .	2	2	1
Total	3	2	2

9. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and BVI, the Company and the Group's subsidiary incorporated in BVI are not subject to any income tax. The Group's subsidiary incorporated in Hong Kong was not liable for income tax as it did not have any assessable profits arising in Hong Kong during the Relevant Periods.

PRC corporate income tax has been provided at the rate of 25% on the taxable profits of the Group's PRC subsidiaries for the Relevant Periods.

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Current tax:			
PRC corporate income tax	16,769	14,803	17,990
Deferred tax *(note 13)*	(625)	(83)	(665)
Total tax charge for the year	16,144	14,720	17,325

A reconciliation of tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and its subsidiaries are domiciled to the income tax expense at the effective income tax rate for each of the Relevant Periods is as follows:

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Profit before tax	63,193	56,510	68,260
Tax at the statutory tax rate	15,798	14,128	17,065
Expenses not deductible for tax	346	592	260
Tax charge at the Group's effective income tax rate	16,144	14,720	17,325

Tax payable in the consolidated statements of financial position represents:

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
PRC corporate income tax payable	15,351	12,308	20,535

10. DIVIDENDS

No dividend has been paid or declared by the Company during the Relevant Periods. Details of dividends declared by companies now comprising the Group to their then shareholders during the Relevant Periods are as follows:

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Dividends declared by companies now comprising the Group to their then shareholders	–	34,959	–

The rates for dividend and the number of shares ranking for dividend is not disclosed as such information is not considered meaningful for the purpose of this report.

The dividends had been paid in December 2021 to the then shareholders of the Company.

11. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the basis of presentation of the results of the Group for the Relevant Periods as disclosed in note 2.1 to the Historical Financial Information.

12. PROPERTY AND EQUIPMENT

	Office equipment, electronic and other devices	Machinery	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2020				
At 1 January 2020:				
Cost	2,726	1,548	673	4,947
Accumulated depreciation	(1,677)	(647)	(408)	(2,732)
Net carrying amount	1,049	901	265	2,215
At 1 January 2020, net of accumulated depreciation	1,049	901	265	2,215
Additions	677	552	49	1,278
Depreciation provided during the year	(410)	(182)	(38)	(630)
At 31 December 2020, net of accumulated depreciation	1,316	1,271	276	2,863
At 31 December 2020:				
Cost	3,403	2,100	722	6,225
Accumulated depreciation	(2,087)	(829)	(446)	(3,362)
Net carrying amount	1,316	1,271	276	2,863
31 December 2021				
At 1 January 2021:				
Cost	3,403	2,100	722	6,225
Accumulated depreciation	(2,087)	(829)	(446)	(3,362)
Net carrying amount	1,316	1,271	276	2,863
At 1 January 2021, net of accumulated depreciation	1,316	1,271	276	2,863
Additions	762	1,972	74	2,808
Depreciation provided during the year	(374)	(245)	(87)	(706)
At 31 December 2021, net of accumulated depreciation	1,704	2,998	263	4,965
At 31 December 2021:				
Cost	4,165	4,072	796	9,033
Accumulated depreciation	(2,461)	(1,074)	(533)	(4,068)
Net carrying amount	1,704	2,998	263	4,965

	Office equipment, electronic and other devices	Machinery	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2022				
At 1 January 2022:				
Cost	4,165	4,072	796	9,033
Accumulated depreciation	(2,461)	(1,074)	(533)	(4,068)
Net carrying amount	1,704	2,998	263	4,965
At 1 January 2022, net of accumulated depreciation	1,704	2,998	263	4,965
Additions	402	164	14	580
Depreciation provided during the year	(563)	(319)	(52)	(934)
At 31 December 2022, net of accumulated depreciation	1,543	2,843	225	4,611
31 December 2022:				
Cost	4,567	4,236	810	9,613
Accumulated depreciation	(3,024)	(1,393)	(585)	(5,002)
Net carrying amount	1,543	2,843	225	4,611

13. DEFERRED TAX ASSETS

The movements in deferred tax assets during the Relevant Periods are as follows:

	Impairment of financial assets
	RMB'000
At 1 January 2020	862
Deferred tax credited to profit or loss during the year *(note 9)*	625
At 31 December 2020 and 1 January 2021	1,487
Deferred tax credited to profit or loss during the year *(note 9)*	83
At 31 December 2021 and 1 January 2022	1,570
Deferred tax credited to profit or loss during the year *(note 9)*	665
At 31 December 2022	2,235

The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets recognised in the consolidated statements of financial position	1,487	1,570	2,235

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2020, 2021 and 2022, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors of the Company, the Group's fund will be retained in Mainland China for the expansion of the Group's operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

The Group did not have any tax losses as of 31 December 2020, 2021 and 2022.

14. INVENTORIES

	31 December		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Consumables	222	81	69

15. TRADE RECEIVABLES

	31 December		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	55,912	62,891	98,336
Impairment	(5,946)	(6,279)	(8,939)
	49,966	56,612	89,397

Trade receivables mainly arise from property management services income. The Group's trading terms with its customers are mainly on credit and the credit period is generally between six months to one year, except for new customers, where payment in advance in normally required. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management and credit limits attributed to customers are reviewed once a month. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as of the end of each of the Relevant Periods, based on the date of revenue recognition and net of loss allowance for impairment, is as follows:

	31 December		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Within 6 months	21,286	39,102	58,332
Over 6 months and within 1 year	12,563	9,775	23,317
Over 1 year and within 2 years	9,685	5,855	6,603
Over 2 years and within 3 years	6,432	1,880	1,145
	49,966	56,612	89,397

The movements in the loss allowance for impairment of trade receivables are as follows:

	31 December		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	3,446	5,946	6,279
Impairment losses recognised	2,500	333	2,660
At the end of the year	5,946	6,279	8,939

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and service type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group writes off trade receivables when there is information indicating that the counterparty is in severe financial difficulties and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs sooner, also taking into account legal advice where appropriate.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

31 December 2020

		Past due			
	Current	**1 to 2 years**	**2 to 3 years**	**Over 3 years**	**Total**
Expected credit loss rate	6.83%	12.50%	24.37%	100.00%	10.63%
Gross carrying amount *(RMB'000)*	36,330	11,069	8,504	9	55,912
Expected credit losses *(RMB'000)*	2,481	1,384	2,072	9	5,946

31 December 2021

		Past due			
	Current	**1 to 2 years**	**2 to 3 years**	**Over 3 years**	**Total**
Expected credit loss rate	6.61%	12.02%	25.40%	100.00%	9.98%
Gross carrying amount *(RMB'000)*	52,338	6,655	2,520	1,378	62,891
Expected credit losses *(RMB'000)*	3,461	800	640	1,378	6,279

31 December 2022

		Past due			
	Current	**1 to 2 years**	**2 to 3 years**	**Over 3 years**	**Total**
Expected credit loss rate	6.95%	12.55%	25.55%	100.00%	9.09%
Gross carrying amount *(RMB'000)*	87,747	7,551	1,538	1,500	98,336
Expected credit losses *(RMB'000)*	6,098	948	393	1,500	8,939

In the opinion of the Company's directors, the business and customer risk portfolio of the Group remained stable and there were no significant fluctuations in the historical credit loss incurred. In addition, there is no significant change with regard to economic indicators based on an assessment of forward-looking information. Therefore, there is no significant change in the expected credit loss rates throughout the Relevant Periods.

16. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	31 December		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Payments on behalf of customers to utility suppliers	4,632	7,940	29,732
Other prepayments	1,032	2,728	2,438
Deposits	2,897	7,354	8,708
Advance to staff	3,030	3,657	4,610
Others	884	1,305	1,273
	12,475	22,984	46,761

Financial assets included in prepayments, other receivables and other assets are unsecured, non-interest-bearing and repayable on demand. The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As of 31 December 2020, 2021 and 2022, the loss allowance was assessed to be minimal.

17. CASH AND CASH EQUIVALENTS

	31 December		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	131,219	50,225	44,724
Denominated in:			
RMB	131,219	50,225	44,689
HKD	–	–	35
	131,219	50,225	44,724

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximated to their fair values.

18. TRADE PAYABLES

An ageing analysis of the trade payables as of the end of each of the Relevant Periods, based on the invoice date, is as follows:

	31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Within 3 months	1,323	739	1,568
3 to 12 months	26	23	33
	1,349	762	1,601

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

As of 31 December 2020, 2021 and 2022, the carrying amounts of trade payables approximated to their fair values.

19. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

	31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Receipts on behalf of community residents for utilities	11,683	10,030	11,330
Deposits received	17,083	14,434	16,535
Business tax and surcharges	5,244	2,695	5,667
Payroll and welfare payable	11,861	8,668	5,432
Others	2,399	2,142	3,548
	48,270	37,969	42,512

Other payables are unsecured and repayable on demand. The fair values of other payables at the end of each of the Relevant Periods approximated to their corresponding carrying amounts.

20. CONTRACT LIABILITIES

	1 January	31 December		
	2020	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities	19,676	46,611	45,439	40,118

Contract liabilities of the Group mainly arise from the advance payments received from customers for services yet to be provided. The increase in contract liabilities as of 31 December 2020 and the decrease in contract liabilities as of 31 December 2021 and 2022 were mainly due to the increase or decrease of short-term advances received from customers in relation to the provision of property management services at the end of that year.

The expected timing of recognition of revenue at the end of each of the Relevant Periods is as follows:

	31 December		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	46,611	45,439	40,118

21. SHARE CAPITAL

	As of 31 December		
	2020	2021	2022
Authorized:			
1,000,000,000 ordinary shares of HK$0.01 each (31 December 2020 and 2021: 38,000,000 ordinary shares of HK$0.01 each)	HK$380,000	HK$380,000	HK$10,000,000
	RMB	*RMB*	*RMB*
Issued and fully paid:			
1 ordinary share of a par value of HK$0.01 each	–	–	–

The Company was incorporated in the Cayman Islands on 16 November 2020 with an authorised share capital of HK$380,000 divided in 38,000,000 shares of HK$0.01 par value each. On the date of the Company's incorporation, one ordinary share was allotted and issued to the initial subscriber, an independent third party which was transferred to Zhong An on the same day. On 3 December 2020, Zhong An transferred one ordinary share to Zhong An Service Holding Limited, a direct wholly-owned subsidiary of Zhong An, at nominal consideration. Upon completion of such share transfer, the Company was wholly-owned by Zhong An Service Holding Limited.

Pursuant to written resolutions passed on 19 April 2022, the authorized share capital of the Company was increased from HK$380,000 to HK$10,000,000 by the creation of additional 962,000,000 shares.

22. RESERVES

The amounts of the Group's reserves and the movements therein for the years ended 31 December 2020, 2021 and 2022 are presented in the consolidated statements of changes in equity.

Merger reserve

As of 31 December 2020, 2021 and 2022, the merger reserve of the Group represents the consolidated issued capital of the subsidiaries now comprising the Group arising from the Reorganization as mentioned in note 2.1 to the Historical Financial Information.

On 3 February 2021, pursuant to an equity transfer agreement as part of the Reorganization, the Company had entered into an equity transfer agreement with China New City Commercial Development Limited ("CNC") , acquiring the entire equity interest in Zhejiang Runzhou Property Services Co., Ltd., Yuyao Zhongli Property Management Co., Ltd. and Hangzhou Zhonghong Property Service Co., Ltd., all of which are engaged in commercial property management business at an aggregate of consideration of RMB104.65 million (equivalent to approximately HK$125.58 million) ("Transfers"). The Transfers was fully completed on 13 April 2021. As of 31 December 2021, the consideration of the Transfers had been fully settled.

On 31 May 2021, as part of the Reorganization, Zhong An Group had entered into an equity transfer agreement with the Company to sell the entire equity interests in Zhejiang Zhong An Property Management Co., Ltd. and its subsidiaries to the Company at a consideration of RMB100 million ("Equity Transfer"). The Equity Transfer was completed on 4 June 2021. As of 31 December 2021, the consideration of the Equity Transfers had been fully settled.

Details of the movements in the merger reserve are set out in the consolidated statements of changes in equity.

Capital reserve

Capital reserve represents additional contribution made by the shareholders of the Company's subsidiaries.

Statutory reserves

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to allocate 10% of its net profit after tax, as determined under the Chinese Accounting Standards, to the statutory surplus funds until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of these subsidiaries, the statutory surplus funds may be used either to offset losses, or to be converted to increase the share capital of the subsidiaries provided that the balance after such conversion is not less than 25% of the registered capital of them. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

23. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

Changes in liabilities arising from financing activities

	Due to related companies
	RMB'000
At 1 January 2020	2,590
Cash flows from operating activities	(1,585)
At 31 December 2020 and 1 January 2021	1,005
Cash flows from operating activities	2,356
Cash flows from financing activities	(1,504)
At 31 December 2021 and 1 January 2022	1,857
Cash flows from financing activities	(1,857)
At 31 December 2022	–

24. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions

The Group had the following material transactions carried out with related parties during the Relevant Periods:

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Advances to related parties			
Companies controlled by the Ultimate Holding Company	19,755	132,450	–
Receipt of advances to related parties			
Companies controlled by the Ultimate Holding Company	4,280	177,206	236
Advances from related parties			
Companies controlled by the Ultimate Holding Company	–	56,830	3,492
Repayment of advances from related parties			
Companies controlled by the Ultimate Holding Company	–	58,334	5,349
Property management income from related parties			
Companies controlled by the Ultimate Holding Company (i)	37,758	33,996	32,867
Value-added services mainly to property developers income from related parties			
Companies controlled by the Ultimate Holding Company (i)	27,840	43,455	47,862
Joint ventures of companies controlled by the Ultimate Holding Company (i)	2,764	7,231	3,414
Associates of companies controlled by the Ultimate Holding Company (i)	1,426	2,010	2,543
	32,030	52,696	53,819

	Year ended 31 December		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Community value-added services income from related parties			
Companies controlled by the Ultimate Holding Company (i)	3,208	17,212	23,132
Provision of gardening services by related parties			
A company controlled by the Ultimate Holding Company (i)	2,363	2,490	–
Rental expenses			
Companies controlled by the Ultimate Holding Company (i)	259	391	394

Notes:

(i) The prices for the above services fees were determined in accordance with the terms and conditions mutually agreed by the contracting parties.

(ii) The Group has been licensed by Zhong An Group to use its certain trademarks for operation on a non-exclusive, non-transferable and royalty-free basis for a perpetual term.

(2) Outstanding balances with related parties

Amounts due from related parties:

	31 December		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Trade related:			
Companies controlled by the Ultimate Holding Company	12,164	1,365	7,139
Joint ventures of companies controlled by the Ultimate Holding Company	3,991	2,532	3,030
	16,155	3,897	10,169
Non-trade related:			
Companies controlled by the Ultimate Holding Company	44,992	236	–
Total	**61,147**	**4,133**	**10,169**

Amounts due to related parties:

	31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Non-trade related:			
Companies controlled by the Ultimate Holding Company	1,005	1,857	–

The trade-related receivables from related parties arose from the provision of property management services and value-added services to the related parties. The receivables amounting to RMB16,155,000, RMB3,897,000 and RMB10,169,000 were aged within one year as of 31 December 2020, 2021 and 2022, respectively, based on the date of revenue recognition.

Trade related amounts due from related parties are with credit terms of three months, and non-trade related amounts due from/to related parties are interest-free, unsecured and repayable on demand. The Group has assessed that the credit risk of these receivables has not increased significantly since initial recognition and measured the impairment of trade related amounts due from related parties under the simplified approach based on lifetime expected credit losses and of non-trade related amounts due from related parties under the general approach based on 12-month expected credit losses and has assessed that the expected credit losses are immaterial.

All the above related party balances which are non-trade in nature have been settled as at 31 December 2022.

(3) Compensation of key management personnel of the Group:

Compensation of key management personnel of the Group, which comprises the remuneration of the directors, is disclosed in note 7 to the Historical Financial Information.

(4) Financial guarantee provided to related parties:

On 14 May 2020, Zhejiang Runzhou Property Services Co., Ltd. provided guarantee with a total amount of RMB350,000,000 to Henlly Enterprise Management (Hangzhou) Co., Ltd. ("Henlly"), a subsidiary of CNC, which is engaged in development and sales of commercial properties, in respect of the mortgage facilities of RMB350,000,000 granted by a bank for construction of Henlly's properties. The guarantee period commenced on 14 May 2020 and will be expiring on 13 May 2030, which is in line with the repayment period of mortgage facilities. CNC also provided guarantee with a total amount of RMB350,000,000 to the above-mentioned mortgage facilities.

The guarantee was provided before the equity interest of Zhejiang Runzhou Property Services Co., Ltd. was acquired by the Group, and had been fully released as of 31 December 2021.

Pursuant to the terms of the guarantee arrangement, in case of default on mortgage payments by Henlly, Zhejiang Runzhou Property Services Co., Ltd. may be responsible for repaying the outstanding mortgage facilities together with any accrued interest and penalty owed by Henlly to the bank, depending on whether the bank decides to demand compensation from Zhejiang Runzhou Property Services Co., Ltd., CNC or transfer the legal title of a property of Henlly which had been pledged to the bank with fair value of RMB350,000,000.

The Group did not incur any material losses during the Relevant Periods in respect of the guarantee provided for the mortgage facilities granted to Henlly. The directors consider that the fair value of the financial guarantee as at the date of inception and the carrying amounts as of 31 December 2020 are minimal.

(5) Share and equity transfer under the Reorganisation:

As disclosed in note 21 and note 22, the Company had undertaken a series of share transfer and equity transfer agreements with Zhong An Group and CNC to complete the Reorganisation.

25. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as of the end of each of the Relevant Periods are as follows:

	31 December		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Financial assets—financial assets at amortised cost			
Trade receivables *(note 15)*	49,966	56,612	89,397
Financial assets included in prepayments, deposits and other receivables	8,413	16,599	39,713
Due from related companies *(note 24)*	61,147	4,133	10,169
Cash and cash equivalents *(note 17)*	131,219	50,225	44,724
	250,745	127,569	184,003

	31 December		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Financial liabilities—financial liabilities at amortised cost			
Trade payables *(note 18)*	1,349	762	1,601
Financial liabilities included in other payables, deposits received and accruals	31,165	26,606	31,413
Due to related companies *(note 24)*	1,005	1,857	–
	33,519	29,225	33,014

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, amounts due from related companies, amounts due to related companies, financial assets included in prepayments, other receivables and other assets, and financial liabilities included in other payables, deposits received and accrual, approximate to their carrying amounts largely due to the short-term maturities of these instruments.

Fair value hierarchy

The Group did not hold any financial assets and liabilities measured at fair value as of 31 December 2020, 2021 and 2022.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include cash and cash equivalents, trade and other receivables, trade payables and other payables, which arise directly from its operations. The Group has other financial assets and liabilities such as amounts due to related companies and amounts due from related companies. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. Generally, the Group introduces conservative strategies on its risk management. To keep the Group's exposure to these risks to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Credit risk

The carrying amounts of cash and cash equivalents, trade receivables, financial assets included in prepayments, other receivables and other assets, and amounts due from related companies included in the consolidated statements of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets as of 31 December 2020, 2021 and 2022. The Group classifies financial instruments on the basis of shared credit risk characteristics, such as instrument types and credit risk ratings for the purpose of determining significant increases in credit risk and calculation of impairment.

Cash and cash equivalents

As of 31 December 2020, 2021 and 2022, all cash and cash equivalents were deposited in high-credit-quality financial institutions without significant credit risk. These financial assets were not yet past due and their credit exposure is classified as stage 1.

Trade receivables

To manage the risk arising from trade receivables, the Group has policies in place to ensure that credit terms are made only to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the Group's counterparties. The credit period granted to the customers is generally six months to one year and the credit quality of these customers is assessed, taking into account their financial position, past experience and other factors. The Group also has other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews regularly the recoverable amount of trade receivables to ensure that adequate impairment losses are made.

The Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers.

The Group applies the simplified approach to provide for ECLs prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and trade related amounts due from related companies. The expected credit losses also incorporate forward-looking information based on key economic variables such as inflation rate. The Group expects that the credit risk associated with trade related amounts due from related companies is considered to be low, since the related parties have a strong capacity to meet contractual cash flow obligation in the near term. As of the end of each of the Relevant Periods, the loss allowance was assessed to be minimal.

Management makes periodic collective assessments for financial assets included in prepayments, other receivables and other assets as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The Group has classified financial assets included in prepayments, other receivables and other assets in stage 1 because there was no recent history of default. Management continuously monitors their credit risk. As of 31 December 2020, 2021 and 2022, the loss allowance was assessed to be minimal.

For non-trade related amounts due from related companies, the Group expected the associated credit risk to be low since the related companies have a strong capacity to repay the amounts in the near term. The Group has assessed the ECL rate for the non-trade related amounts due from the related companies and considered it is low and thus the loss allowance was assessed to be minimal.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as of 31 December 2020, 2021 and 2022. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As of 31 December 2020

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	55,912	55,912
Financial assets included in prepayments, other receivables and other assets—Normal**	8,413	–	–	–	8,413
Amounts due from related companies	44,992	–	–	16,155	61,147
Cash and cash equivalents—Not yet past due	131,219	–	–	–	131,219
Guarantee provided to a bank in connection with facilities granted to and drawn by a related party—Not yet past due	338,000	–	–	–	338,000
	522,624	–	–	72,067	594,691

As of 31 December 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	62,891	62,891
Financial assets included in prepayments, other receivables and other assets—Normal**	16,599	–	–	–	16,599
Amounts due from related companies	236	–	–	3,897	4,133
Cash and cash equivalents—Not yet past due	50,225	–	–	–	50,225
	67,060	–	–	66,788	133,848

As at 31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	98,336	98,336
Financial assets included in prepayments, other receivables and other assets—Normal**	39,713	–	–	–	39,713
Amounts due from related companies	–	–	–	10,169	10,169
Cash and cash equivalents—Not yet past due	44,724	–	–	–	44,724
	84,437	–	–	108,505	192,942

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 15 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding to finance its working capital needs as well as capital expenditure.

The maturity profile of the Group's financial liabilities as of the end of each of the Relevant Periods, based on contractual undiscounted payments, is as follows:

	Less than 3 months or on demand	3 to 12 months	1 to 10 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2020				
Trade payables	1,323	26	–	1,349
Financial liabilities included in other payables, deposits received and accruals	31,165	–	–	31,165
Due to related companies	1,005	–	–	1,005
Guarantee given to a bank in connection with facilities granted to and drawn by a related party	–	28,000	310,000	338,000
	33,493	28,026	310,000	371,519
31 December 2021				
Trade payables	739	23	–	762
Financial liabilities included in other payables, deposits received and accruals	26,606	–	–	26,606
Due to related companies	1,857	–	–	1,857
	29,202	23	–	29,225
31 December 2022				
Trade payables	1,568	33	–	1,601
Financial liabilities included in other payables, deposits received and accruals	31,413	–	–	31,413
	32,981	33	–	33,014

(c) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirement. No change was made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using a current ratio, which is total current assets divided by total current liabilities, and a liabilities to assets ratio, which is total liabilities divided by total assets. The current ratios and liabilities to assets ratios at the end of each of the Relevant Periods are as follows:

	31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Total current assets	255,029	134,035	191,120
Total current liabilities	112,586	98,335	104,766
Total assets	259,505	140,666	198,032
Total liabilities	112,586	98,335	104,766
Current ratio	2.27	1.36	1.82
Liabilities to assets ratio	0.43	0.70	0.53

28. CONTINGENT LIABILITIES

As of the end of each of the Relevant Periods, the Group did not have any material contingent liabilities.

29. EVENTS AFTER THE RELEVANT PERIODS

There are no material subsequent events undertaken by the Company or by the Group after 31 December 2022.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies comprising the Group in respect of any period subsequent to 31 December 2022.