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New Hope Service Holdings Limited
新希望服務控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 3658)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

ANNUAL RESULTS HIGHLIGHTS

For the year ended 31 December 2021, the results of the Group were as follows:

1. The revenue of the Group amounted to RMB925.0 million, representing an increase of 57.2% as compared to that of RMB588.3 million for the corresponding period of 2020.
2. The revenue of the Group by business segments was as follows:
 - 1) The revenue from property management services amounted to RMB317.3 million, accounting for 34.3% of the total revenue, representing an increase of 67.2% as compared to that of RMB189.7 million for the corresponding period of 2020;
 - 2) The revenue from value-added services to non-property owners amounted to RMB233.8 million, accounting for 25.3% of the total revenue, representing an increase of 38.9% as compared to that of RMB168.3 million for the corresponding period of 2020;
 - 3) The revenue from commercial operational services amounted to RMB120.4 million, accounting for 13.0% of the total revenue, representing an increase of 6.6% as compared to that of RMB113.0 million for the corresponding period of 2020;
 - 4) The revenue from lifestyle services amounted to RMB253.5 million, accounting for 27.4% of the total revenue, representing a significant increase of 116.2% as compared to that of RMB117.2 million for the corresponding period of 2020.
3. The gross profit was RMB376.7 million, representing an increase of 52.3% as compared to that of RMB247.4 million for the corresponding period of 2020.

4. The profit attributable to the equity shareholders of the Company for the Reporting Period was RMB165.9 million, representing an increase of 51.1% as compared to that of RMB109.8 million for the corresponding period of 2020. Excluding the one-off listing expenses, the adjusted profit attributable to the equity shareholders of the Company for the Reporting Period was RMB186.6 million, representing an increase of 60.6% as compared to that of RMB116.2 million for the corresponding period of 2020.
5. The net cash flow generated from the operating activities of the Group was approximately RMB236.2 million for the year ended 31 December 2021 as compared to that of approximately RMB165.2 million for the corresponding period of 2020.
6. For the year ended 31 December 2021, the Group had 160 contracted projects with contracted GFA of 26.4 million sq.m., representing an increase of approximately 72.2% as compared to the corresponding period of 2020. The Group had 104 projects under management with the GFA under management of approximately 16.2 million sq.m., representing an increase of approximately 58.3% as compared to the corresponding period of 2020.
7. The Board recommended to declare a final dividend of RMB0.071 per share for the year ended 31 December 2021.

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of New Hope Service Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, “**we**”, “**our**” or the “**Group**”) for the year ended 31 December 2021 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2020, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2021

(Expressed in Renminbi (“RMB”))

	<i>Note</i>	2021 <i>RMB’000</i>	2020 <i>RMB’000</i>
Revenue	4	924,970	588,263
Cost of sales		<u>(548,280)</u>	<u>(340,891)</u>
Gross profit		376,690	247,372
Other net income	5	1,265	10,258
Selling expenses		(3,862)	(3,174)
Administrative expenses		(172,505)	(119,401)
Expected credit loss on financial assets		<u>(3,194)</u>	<u>(251)</u>
Profit from operations		<u>198,394</u>	<u>134,804</u>
Finance expenses		(4,831)	(45,230)
Finance income		<u>8,850</u>	<u>42,525</u>
Finance income/(costs), net	6(a)	<u>4,019</u>	<u>(2,705)</u>
Share of profits less losses of an associate		<u>(201)</u>	<u>499</u>
Profit before taxation		202,212	132,598
Income tax	7(a)	<u>(36,333)</u>	<u>(22,828)</u>
Profit for the year		<u>165,879</u>	<u>109,770</u>
Attributable to:			
Equity shareholders of the Company		165,894	109,770
Non-controlling interests		<u>(15)</u>	<u>–</u>
Profit for the year		<u>165,879</u>	<u>109,770</u>
Earnings per share			
Basic and diluted (RMB)	8	<u>0.23</u>	<u>0.19</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

for the year ended 31 December 2021

(Expressed in Renminbi (“RMB”))

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Profit for the year	<u>165,879</u>	<u>109,770</u>
Other comprehensive income for the year:		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of overseas subsidiaries	<u>(23)</u>	<u>–</u>
Other comprehensive income for the year, net of tax	<u>(23)</u>	<u>–</u>
Total comprehensive income for the year	<u><u>165,856</u></u>	<u><u>109,770</u></u>
Attributable to:		
Equity shareholders of the Company	165,871	109,770
Non-controlling interests	<u>(15)</u>	<u>–</u>
Total comprehensive income for the year	<u><u>165,856</u></u>	<u><u>109,770</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2021

(Expressed in RMB)

	<i>Note</i>	At 31 December 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Non-current assets			
Investment properties		96,668	71,680
Property, plant and equipment		13,619	17,098
Intangible assets		24,838	5,799
Interests in an associate		1,441	1,643
Equity securities designated at fair value through other comprehensive income (FVOCI)		30	30
Deferred tax assets		2,779	7,386
		<u>139,375</u>	<u>103,636</u>
Current assets			
Inventories		267	299
Amount due from related companies		–	173,402
Prepayments, deposits and other receivables		56,510	38,122
Trade receivables	9	189,285	163,103
Cash and cash equivalents		1,105,530	112,614
		<u>1,351,592</u>	<u>487,540</u>
Current liabilities			
Trade payables	10	71,787	43,653
Other payables and accruals		186,603	172,175
Contract liabilities		195,772	161,706
Amount due to related companies		6,126	43
Current taxation		–	12,174
Lease liabilities		8,472	7,245
		<u>468,760</u>	<u>396,996</u>
Net current assets		<u>882,832</u>	<u>90,544</u>
Total assets less current liabilities		<u>1,022,207</u>	<u>194,180</u>
Non-current liabilities			
Lease liabilities		60,356	46,354
Deferred tax liabilities		7,492	2,528
		<u>67,848</u>	<u>48,882</u>
NET ASSETS		<u>954,359</u>	<u>145,298</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

at 31 December 2021

(Expressed in RMB)

	<i>Note</i>	At 31 December 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
CAPITAL AND RESERVES			
Share capital	<i>11</i>	6,741	*
Reserves		<u>946,108</u>	<u>145,298</u>
Total equity attributable to equity shareholders of the Company		952,849	145,298
Non-controlling interests		<u>1,510</u>	<u>—</u>
TOTAL EQUITY		<u>954,359</u>	<u>145,298</u>

* The balance represents an amount less than RMB1,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

1 CORPORATION INFORMATION

The Company was incorporated in the Cayman Islands on 5 November 2020 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The Group is principally engaged in property management services, value-added services to non-property owners, commercial operational services and lifestyle services in the People's Republic of China (the "PRC"). The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 25 May 2021.

The immediate parent of the Group is Golden Rose Developments Limited, a company incorporated under the laws of British Virgin Islands ("BVI"). The ultimate controlling party of the Group are Mr. Liu Yonghao and Ms. Liu Chang.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance.

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

(b) Basis of preparation of the financial statements

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

Prior to the incorporation of the Company, the principal business of the Group was carried out by New Hope Property Service Group Co., Ltd and its subsidiaries (together "**New Hope Property Service Group**"), and Sichuan New Hope Commercial Management Co., Ltd. and its subsidiaries (together "**New Hope Commercial Management Group**"). Pursuant to a group reorganisation to rationalise the corporate structures in preparation of the listing of the Company's shares on the Stock Exchange, which was completed on 8 January 2021 (the "**Reorganisation**"), the Company became the holding company of the entities now comprising the Group.

As part of the Reorganisation, New Hope Property Service Group acquired 100% equity interests in Sichuan New Hope Commercial Management Co., Ltd. held by New Hope Property Development at a total consideration of RMB79,350,000 on 30 August 2020, and the Company, either on its own or through its wholly owned subsidiaries, acquired 97% equity interests in New Hope Property Service Group at a total cash consideration of RMB115,097,000 and the remaining 3% equity interests by allotting 300 shares of the Company to August Mist Limited in January 2021. Upon completion of the Reorganisation, the Company became the holding company of the Group. As New Hope Property Service Group and New Hope Commercial Management Group were under common control before and after the Reorganisation and that control was not transitory and consequently, the acquisition of New Hope Commercial Management Group by New Hope Property Service Group has been accounted for using the merger basis of accounting with the assets and liabilities of New Hope Commercial Management Group and its subsidiaries combined using the existing book values from the perspective of New

Hope Property Development. In addition, there were no material changes in the economic substance of the ownership of New Hope Property Service Group and the business of the Group after inserting the Company and its wholly owned subsidiaries, all of which are newly formed entities with no substantive operations, as new holding companies of New Hope Property Service Group. Consequently, the consolidated financial statements for the years ended 31 December 2021 and 2020 have been prepared and presented as a continuation of the consolidated financial statements of New Hope Property Service Group.

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

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

(c) Changes in accounting policies

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

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

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

3 ACCOUNTING JUDGEMENT AND ESTIMATES

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

Key sources of estimation uncertainty in the preparation of the financial statements are as follows:

(i) Expected credit losses for receivables

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

(ii) Valuation of investment properties

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

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

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are property management services, value-added services to non-property owners, commercial operational services and lifestyle services.

(i) Disaggregation of revenue

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue from contracts with customers within the scope of IFRS 15		
– Over time	695,285	475,405
– A point in time	207,359	98,311
Revenue from other sources		
– Rental income from investment properties	22,326	14,547
Total	924,970	588,263
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Type of services		
– Property management services	317,255	189,724
– Value-added services to non-property owners	233,791	168,335
– Commercial operational services	120,378	112,956
– Lifestyle services	253,546	117,248
	924,970	588,263

For the year ended 31 December 2021, revenue from New Hope Group Co., Ltd. and its subsidiaries contributed 20.5% (2020: 30.2%) of the Group's revenue. Other than New Hope Group Co., Ltd. and its subsidiaries, the Group's customer base is diversified and none of individual customer contributed 10% or more of the Group's revenue in 2021 (2020: nil).

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

For property management services, value-added services to non-property owners and commercial operational service, the Group recognises revenue when the services are provided on monthly basis and recognises to which the Group has a right to invoice and that corresponds directly with the value of performance completed. The Group has elected the practical expedient for not to disclose the remaining performance obligations for this type of contracts.

For lifestyle services, there is no significant unsatisfied performance obligation at the end of respective reporting periods.

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment. Segment results represent the profit earned by each segment without allocation of central administrative costs. The chief operating decision maker ("CODM") considers the Group has four operating and reportable segments which are based on the internal organisation and reporting structure. This is the basis upon which the Group is organised.

The Group's operating and reportable segments are as follows:

- Property management services: this segment provides property management services to residential properties, commercial properties and other types of non-residential properties.
- Value-added services to non-property owners: this segment provides value-added services to non-property owners, including preliminary planning, design consultancy and pre-delivery services and sales office management.
- Commercial operational services: this segment provides market research and positioning and tenant sourcing services and commercial operation services and commercial properties leasing.
- Lifestyle services: this segment provides community living services and community asset management services and online and offline retail services and catering services.

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

The measure used for reporting segment profit is gross profit.

No analysis of segment assets and segment liabilities is presented as these information are not regularly provided to the CODM for review.

The following is an analysis of the Group's revenue and results by operating and reportable segment:

	Property management services RMB'000	Value-added services to non-property owners RMB'000	Commercial operational services RMB'000	Lifestyle services RMB'000	Total RMB'000
Year ended 31 December 2021					
Segment revenue	<u>317,255</u>	<u>233,791</u>	<u>120,378</u>	<u>253,546</u>	<u>924,970</u>
Segment gross profits	<u>95,647</u>	<u>99,787</u>	<u>75,086</u>	<u>106,170</u>	<u>376,690</u>
Central administrative costs					<u>(174,478)</u>
Profit before taxation					<u><u>202,212</u></u>

	Property management services RMB'000	Value-added services to non-property owners RMB'000	Commercial operational services RMB'000	Lifestyle services RMB'000	Total RMB'000
Year ended 31 December 2020					
Segment revenue	<u>189,724</u>	<u>168,335</u>	<u>112,956</u>	<u>117,248</u>	<u>588,263</u>
Segment gross profits	<u>59,208</u>	<u>73,656</u>	<u>61,866</u>	<u>52,642</u>	<u>247,372</u>
Central administrative costs					<u>(114,774)</u>
Profit before taxation					<u><u>132,598</u></u>

5 OTHER NET INCOME

	2021 RMB'000	2020 RMB'000
Gain on disposal of subsidiaries	–	3,007
Government grants (<i>Note</i>)	5,602	2,259
Valuation (losses)/gains on investment properties	(9,261)	926
Net losses on disposal of property, plant and equipment	(724)	(29)
Others	5,648	4,095
Total	<u><u>1,265</u></u>	<u><u>10,258</u></u>

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

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after (crediting)/charging:

(a) Finance income/(costs), net

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest income from cash at bank and other financial institution	8,844	978
Interest income from a related party	6	41,547
Interest expenses to a related party	–	(43,445)
Interest on lease liabilities	(3,387)	(1,334)
Bank and other charges	(591)	(325)
Others	(853)	(126)
Total	4,019	(2,705)

(b) Staff costs

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Salaries, wages and other benefits	321,520	250,946
Contributions to defined contribution retirement plan	17,847	5,369
Total	339,367	256,315

(c) Other items

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Amortisation of intangible assets	2,799	784
Depreciation charge of property, plant and equipment	9,961	7,025
Expected credit loss on financial assets	3,194	251
Auditor's remuneration	2,500	150
Listing expenses	24,317	7,561
Expenses relating to short-term leases	2,266	1,859

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

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current tax – PRC Corporate Income Tax		
Provision for the year	26,762	23,756
Deferred tax		
Origination and reversal of temporary differences	4,440	(928)
Withholding tax in connection with the retained profits to be distributed by a subsidiary of the Group	5,131	–
	36,333	22,828

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Profit before taxation	<u>202,212</u>	<u>132,598</u>
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned (<i>Note (i)</i>)	50,553	33,149
Effect of withholding tax on the net distributable earnings of the Group's PRC subsidiaries	5,131	–
Effect of PRC preferential tax (<i>Notes (ii) and (iii)</i>)	(20,690)	(9,997)
Effect of non-deductible expenses	380	221
Effect of utilisation of tax losses for which deferred tax assets was not recognised	(317)	(807)
Effect of unrecognised tax losses	1,307	337
Others	<u>(31)</u>	<u>(75)</u>
Actual tax expense	<u>36,333</u>	<u>22,828</u>

Notes:

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

No provision for Hong Kong Profits Tax has been made as the Group did not earn any income subject to Hong Kong Profits Tax in 2021(2020: nil).

The provision for PRC current income tax is based on a statutory rate of 25% of the assessable profit as determined in accordance with the relevant income tax rules and regulations of the PRC.

- (ii) Pursuant to Caishui [2011] No. 58 Notice on Issues Concerning Relevant Tax Policies to In-depth Implementation of the Western Development Strategy (關於深入實施西部大開發戰略有關稅收政策問題的通知) and Announcement [2012] No. 12 Public Announcement on Corporate Income Tax Issues Relating to In-depth Implementation of the Western Development Strategy (關於深入實施西部大開發戰略有關企業所得稅問題的公告) and Caishui [2020] No. 23 Announcement on Continuation of Corporate Income Tax Policies for the Western Development Strategy (關於延續西部大開發企業所得稅政策的公告), certain subsidiaries of the Group, being enterprises engaged in state encouraged industries established in the specified western regions, are taxed at a preferential income tax rate of 15% till 31 December 2030.
- (iii) Certain subsidiaries have been approved as Small Low-profit Enterprises (“SLE”). The entitled subsidiaries are subject to a preferential income tax rate of 2.5% or 10% in certain years.

8 EARNINGS PER SHARE

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Profits		
Profit attributable to equity shareholders of the Company	<u>165,894</u>	<u>109,770</u>
	2021 '000	2020 '000
Number of shares		
Weighted average number of ordinary shares	<u>726,373</u>	<u>564,329</u>

Weighted average of 726,373,000 ordinary shares for the year ended 31 December 2021, includes the weighted average of 200,000,000 ordinary shares and 14,126,000 ordinary shares issued immediately after the completion of placing, in addition to the 600,000,000 ordinary shares, being the number of shares in issue immediately after the completion of capitalization issue in May 2021 as detailed in Note 11, deemed to have been issued for the year ended 31 December 2021.

Diluted earnings per share were the same as the basic earnings per share as the Group had no dilutive potential shares in December 2021 and 2020.

9 TRADE RECEIVABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade receivables from related companies	49,833	74,183
Trade receivables from external customers	144,071	90,715
Less: Allowance for trade receivables	<u>4,619</u>	<u>1,795</u>
	<u>189,285</u>	<u>163,103</u>

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables based on the date of revenue recognition and net of allowance for impairment of trade receivables is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 1 year	183,241	161,196
1 to 2 years	4,342	1,362
2 to 3 years	1,321	427
3 to 4 years	<u>381</u>	<u>118</u>
	<u>189,285</u>	<u>163,103</u>

Trade receivables are due when the receivables are recognised.

(b) Impairment of trade receivables

The movements in the loss allowance in respect of trade receivables during the year are as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
At 1 January	1,795	1,365
Expected credit loss recognised	<u>2,824</u>	<u>430</u>
At 31 December	<u><u>4,619</u></u>	<u><u>1,795</u></u>

10 TRADE PAYABLES

As of the end of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 1 year	66,183	42,707
1 to 2 years	4,714	152
2 to 3 years	102	80
Over 3 years	<u>788</u>	<u>714</u>
	<u><u>71,787</u></u>	<u><u>43,653</u></u>

11 CAPITAL, RESERVES, DIVIDENDS AND NON-CONTROLLING INTERESTS

(a) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Final dividend proposed after the end of the reporting period of RMB7.1 cents (2020: nil) per ordinary share	<u><u>58,058</u></u>	<u><u>–</u></u>

The final dividend proposed for shareholders' approval after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) There were no dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year.

(iii) Dividend of RMB315,713,000 have been declared and paid by New Hope Property Service to the then shareholders during the year 2020.

(b) Share capital

Authorised share capital

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 5 November 2020. As of the date of incorporation, the authorised share capital was HK\$380,000 divided into 38,000,000 ordinary shares with par value of HK\$0.01 each.

In accordance with the shareholders' resolution of the Company passed on 30 April 2021, the authorised share capital of the Company is increased from HK\$380,000 to HK\$25,000,000 divided into 2,500,000,000 shares with par value of HK\$0.01 each.

Issued share capital

Ordinary shares, Issued and fully paid

	<i>Note</i>	<i>No. of shares</i>	<i>RMB</i>
At 1 January 2021	(i)	100	1
Issuance of shares	(i)	9,900	83
Capitalisation issue	(ii)	599,990,000	4,967,557
Issuance of ordinary shares upon initial public offering	(iii)	200,000,000	1,655,880
Partial exercise of over-allotment option	(iv)	14,126,000	117,455
At 31 December 2021		<u>814,126,000</u>	<u>6,740,976</u>

(i) Issuance of shares

As of the date of incorporation, one share was issued and allotted to a shareholder of the Company. On the same date, the Company further issued and allotted 99 shares with par value of HK\$0.01 each to a shareholder of the Company.

On 8 January 2021, 8,980 shares, 620 shares and 300 shares were issued and allotted to shareholders of the Company with par value of HK\$0.01 each.

(ii) Capitalisation of shares

Pursuant to the resolutions of the shareholders passed on 30 April 2021, the directors were authorised to allot and issue a total of 599,990,000 shares, by way of capitalisation of the sum of HK\$5,999,900 (equivalent to RMB4,968,000) standing to the credit of the share premium account of the Company, credited as fully paid to the shareholders as appearing on the register of members of the Company at the close of business on the business day immediately preceding the listing date in proportion to their respective shareholdings.

(iii) Issuance of ordinary shares upon initial public offering

On 25 May 2021, the Company issued 200,000,000 shares with par value of HK\$0.01, at a price of HK\$3.80 per share by initial public offering. Net proceeds from such issue amounted to HK\$722,818,000 (equivalent to RMB598,450,000) out of which HK\$2,000,000 (equivalent to RMB1,656,000) and HK\$720,818,000 (equivalent to RMB596,794,000) were recorded in share capital and share premium respectively.

(iv) Partial exercise of over-allotment option

On 21 June 2021, pursuant to the partial exercise of the over-allotment option, the Company allotted and issued 14,126,000 shares with par value of HK\$0.01, at a price of HK\$3.80 per share. Net proceeds from such issue amounted to HK\$52,345,000 (equivalent to RMB43,524,000) out of which HK\$141,000 (equivalent to RMB117,000) and HK\$52,205,000 (equivalent to RMB43,407,000) were recorded in share capital and share premium respectively.

12 IMMEDIATE PARENT AND ULTIMATE PARENT

At 31 December 2021, the directors consider the immediate parent of the Group to be Golden Rose Developments Limited, which is incorporated in British Virgin Islands (“**BVI**”) and ultimate parent of the Group to be Medea Investments Limited, which is incorporated in BVI. This entity does not produce financial statements available for public use.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

We are a well-established comprehensive property management and lifestyle service operator in China, providing property management services, value-added services to non-property owners, commercial operational services and lifestyle services. In December 2021, we received “2021 TOP 40 Property Management Companies for Superior Service Capabilities in China (2021年中國物企超級服務力TOP40)” from EH Consulting (億翰智庫•嘉和家業), and ranked 34th among “2021 TOP 40 Property Management Companies in China in terms of Overall Strength (2021中國物業服務企業綜合實力TOP40)”, named for two consecutive years “TOP 10 Property Management Companies in China in terms of Revenue Generating Capacity per Square Meter (中國物業服務企業單坪創收十強)” by EH Consulting, and received for the first time “2021 Outstanding Hospital Property Management Companies in China (2021中國醫院物業服務優秀企業)” from China Index Academy. As at 31 December 2021, we provided services in 23 cities nationwide, with an aggregate contracted gross floor area (the “GFA”) of 26.4 million square metres (the “sq.m.”), representing an increase of 72.2% as compared to the same period last year. Among which, 16.2 million sq.m. was GFA under management, representing an increase of 58.3% as compared to the same period last year. The ratio of contracted GFA to GFA under management was 1.63.

In 2021, by operating multiple services, reducing costs and enhancing efficiency through technology, the Group recorded revenue of approximately RMB925.0 million, representing an increase of 57.2% as compared to the same period last year. It achieved a net profit of RMB165.9 million, representing an increase of 51.1% as compared to the same period last year, and an adjusted net profit of RMB186.6 million (by excluding one-off listing expenses), representing an increase of 60.6% as compared to the same period last year. Meanwhile, the Group maintained a relatively high net profit margin of 17.9%, an adjusted net profit margin of 20.2% (by excluding one-off listing expenses), representing an increase of 0.4% as compared to the same period last year. By centering on clients’ living consumption demands, the Group realized a diversified ecosystem of services and achieved rapid growth in lifestyle services segment. During the Reporting Period, the Group recorded a revenue of approximately RMB253.5 million in such segment, representing an increase of 116.2% as compared to the same period last year. Meanwhile, we adopted lean management measures to further decrease management fee rate, and recorded a management fee rate of approximately 16.0% (excluding one-off listing expenses), representing a decrease of 3.0% as compared to the same period last year. By sticking to winning clients’ satisfaction, one of the core objectives we upheld in providing services, we insisted on maintaining quality services with relatively high client satisfaction, in 2021, our renewal rate for projects under management was 100%, and our commercial occupancy rate and collection rate were 92.2% and 96.9%, respectively.

As the Company's marketing ability, brand influence and service capacities constantly enhanced, our ability in maintaining independent development was further testified. As compared to the same period of last year, GFA under management of the third-party property developers¹ of the Group increased by 140.9% to 7.4 million sq.m., accounting for 45.5% of total GFA under management of the Group and representing an increase of 15.6% as compared to 29.9% of the same period last year. Meanwhile, by continuously increase efforts spent in Southwestern China region in particular Chengdu-Chongqing urban agglomeration, and Eastern China region, we had respective 49.6% and 35.7% of GFA under management from the two regions during the Reporting Period. By insisting regional cultivation and focusing on first-tier, new first-tier and second-tier cities, we were able to maintain relatively high management fee per sq.m. In 2021, the Group's average management fee per sq.m. was RMB3.06.

Business Model of the Group

During the Reporting Period, the Group generated revenue primarily from four business segments: (i) property management services; (ii) value-added services to non-property owners; (iii) commercial operational services; and (iv) lifestyle services.

Property Management Services

Continuous High Quality Growth in Management Size

Continuously expanding GFA under management is one of our solid development strategies. During the Reporting Period, we had achieved rapid growth both in contracted GFA and GFA under management through multiple ways. We had contracted approximately 160 property management projects in 23 cities nationwide, with a contracted GFA of 26.4 million sq.m., representing a year-on-year increase of 72.2%. Meanwhile, we had 104 properties under management with a GFA under management of 16.2 million sq.m., representing a year-on-year increase of 58.3%. The ratio of contracted GFA to GFA under management was 1.63.

	As at 31 December 2021	As at 31 December 2020	Growth rate %
Number of properties the Group was contracted to manage	160	91	75.8
Number of properties under management	104	65	60.0
Contracted GFA (0'000 sq.m.)	2,638.0	1,532.3	72.2
GFA under management (0'000 sq.m.)	1,620.9	1,024.1	58.3

¹ represent properties solely developed by independent third-part property developers and properties developed by joint ventures or associates of Sichuan New Hope Property Development Co., Ltd. (四川新希望房地產開發有限公司) ("New Hope Property") and/or its subsidiaries (collectively, "New Hope Property Group") in which New Hope Property Group has no controlling interest

Going-on cultivation in Chengdu-Chongqing urban agglomeration and Eastern China region

We insisted on the strategy of regional cultivation and increasingly enhanced our management density across cities with Southwestern China region mainly represented by Chengdu-Chongqing urban agglomeration and Eastern China region, a more economically-developed area in China, as our focus areas. As at 31 December 2021, the Group's contracted GFA in the two regions respectively accounted for 39.3% and 42.1% of total contracted GFA, among which, GFA under management respectively accounted for 49.6% and 35.7% of total GFA under management. Meanwhile, Eastern China region recorded significant increases in area size, and its contacted GFA and GFA under management respectively increased by 82.6% and 95.2% as compared to the same period last year, the ratio of contracted GFA to GFA under management was 1.92.

The table below sets forth a breakdown and growth rate of our total GFA under management by region as of the dates indicated:

Region distribution	As of 31 December 2021			As of 31 December 2020			Growth rate
	Number of projects	GFA under management <i>(sq.m. 0'000)</i>	Percentage <i>%</i>	Number of projects	GFA under management <i>(sq.m. 0'000)</i>	Percentage <i>%</i>	
Southwestern China region	47	803.8	49.6	32	519.0	50.7	54.9
Eastern China region	38	578.5	35.7	19	296.4	28.9	95.2
Southern China region	12	172.5	10.6	8	149.9	14.6	15.1
Northern China region	7	66.1	4.1	6	58.8	5.8	12.5
Total	104	1,620.9	100.0	65	1,024.1	100.0	58.3

The table below sets forth a breakdown and growth rate of our total contracted GFA by region as of the dates indicated:

Region distribution	As of 31 December 2021		As of 31 December 2020		Growth rate	Ratio of contracted GFA to GFA under management
	Contracted GFA <i>(sq.m. 0'000)</i>	Percentage <i>%</i>	Contracted GFA <i>(sq.m. 0'000)</i>	Percentage <i>%</i>		
Southwestern China region	1,036.1	39.3	685.7	44.7	51.1	1.29
Eastern China region	1,109.9	42.1	607.8	39.7	82.6	1.92
Southern China region	298.6	11.2	149.9	9.8	99.2	1.73
Northern China region	159.6	6.1	88.9	5.8	79.6	2.41
Central China region	33.8	1.3	/	/	/	/
Total	2,638.0	100.0	1,532.3	100.0	72.2	/

As at 31 December 2021, the property projects served by the Group had covered 13 provinces, autonomous regions and municipalities in China. 93.3% of GFA under management of the Group were located in first-tier, new first-tier and second-tier cities in China and we will continue our cultivation in the cities above in the future.

The table below sets forth a breakdown of our total GFA under management by city tier as at the dates indicated and our revenue from property management services by city tier for the periods indicated:

Tier of city	As at/for the year ended 31 December 2021				As at/for the year ended 31 December 2020			
	Number of projects	GFA under management (sq.m. 0'000)	Revenue (RMB'000)	%	Number of projects	GFA under management (sq.m. 0'000)	Revenue (RMB'000)	%
First-tier cities ⁽¹⁾	3	14.7	8,312	2.6	1	4.2	5,063	2.7
New first-tier cities ⁽²⁾	50	704.8	144,280	45.5	31	394.8	96,345	50.8
Second-tier cities ⁽³⁾	47	793.5	161,948	51.0	33	625.1	88,316	46.5
Other cities ⁽⁴⁾	4	107.9	2,715	0.9	/	/	/	/
Total	104	1,620.9	317,255	100.0	65	1,024.1	189,724	100.0

Notes:

- (1) First-tier cities in which we provide property management services includes Shanghai.
- (2) New first-tier cities in which we provide property management services include Chengdu, Chongqing, Hangzhou, Suzhou, Ningbo, Shenyang and Qingdao.
- (3) Second-tier cities in which we provide property management services include Dalian, Wenzhou, Nanning, Kunming, Ningbo and Jiaxing.
- (4) Other cities in which we provide property management services include Liuzhou.

Type of properties developers

Maintained good and stable partnership with New Hope Group

The Group has a long and close business relationship with New Hope Group Co., Ltd. (新希望集團有限公司) (the “**New Hope Group**”). With rapid growth of New Hope Group’s business development, the Group grows up and benefits from the continuous development of various business segments of New Hope Group, especially the steady development of New Hope Property Group, and our services are overwhelmingly recognized by them. Thus, our cooperation with New Hope Group continues to grow well.

Strengthened market expansion to grasp the development opportunities of independent third-party markets

Robustly supported by the New Hope Group, we also actively explore third-party markets in diversified ways, and realized the placement of key areas in China through diversified channels, including but not limited to establishing service cooperation with various objects such as owners' committees, local governments, hospitals and schools, etc. By virtue of the professional market development ability of the team, the brand power with regional influence and the ability to realize recognized project operation and management, the Group in 2021 increased its the GFA under management from third-party property developers (including independent third parties and properties developed by associates or joint ventures of New Hope Property Group) by 140.9% compared our the same period of last year, accounting for 45.5% of total GFA under management. Its GFA under management entirely from independent third-party property developers (excluding properties developed by associates or joint ventures of New Hope Property Group) increased by 312% compared with the same period of last year, among which, we obtained the management right of first-hand projects of property developers by participating in the bidding competition of new development projects, such as A residential project in Ningbo, Zhejiang. We obtained the management right of second-hand projects by participating in the bidding for the replacement of the original property management service providers by the owners' committee, such as the B residential project in Wuxi and the C residential project in Ningbo. We also participated in bidding for public infrastructure projects, such as Honghe Branch of Agricultural Bank of China. At the same time, we actively sought to reach strategic cooperation with different partners and set up joint ventures to provide property management services. For example, we have successfully reached strategic cooperation with a state-owned asset investment group in Fuzhou to jointly develop business related to property management, commercial management and lifestyle services. We signed a strategic cooperation agreement with AVIC Property, a subsidiary of China Merchants Property Operation, and both parties will focus on synergy effect in government canteen services and public construction project property services.

Type of property developer	As at/for the year ended 31 December 2021				As at/for the year ended 31 December 2020			
	GFA under management (sq.m. 0'000)	%	Revenue (RMB'000)	%	GFA under management (sq.m. 0'000)	%	Revenue (RMB'000)	%
New Hope Property Group ⁽¹⁾	856.5	52.9	209,794	66.1	699.8	68.4	150,053	79.1
Associates of our ultimate controlling shareholders ⁽²⁾	26.1	1.6	18,298	5.8	17.8	1.7	15,482	8.2
Third parties developers ⁽³⁾	738.3	45.5	89,163	28.1	306.5	29.9	24,189	12.7
Total	1,620.9	100.0	317,255	100	1,024.1	100.0	189,724	100

Notes:

- (1) Refer to properties solely developed by New Hope Property Group, as well as properties jointly developed by New Hope Property Group and other property developers in which New Hope Property Group held a controlling interest.
- (2) Refer to properties developed by other associates of our ultimate controlling shareholders, namely Mr. Liu Yonghao (劉永好) and Ms. Liu Chang (劉暢).
- (3) Refer to properties solely developed by independent third-party property developers and properties developed by joint ventures or associates of New Hope Property Group (New Hope Property Group does not hold a controlling interest in these properties).

Achieved multi-dimensional business coverage, and recognition of the ability in segmented business services

After one year's unremitting efforts, while keeping the growth in the GFA under management, the Group also has achieved further development of segment formats. The GFA under management of our main service format residential format accounts for 67.2% of total GFA under management, and the GFA under management of non-residential format accounted for 32.8% of total GFA under management. By expanding the third-party outreach level, the Group has added canteens, schools, industrial parks and other formats. As more non-residential markets were opened, we also seized the market opportunity, participated in market bidding, gained more market share, and entered more segmented sectors in the non-residential market, such as subway rail transit, scenic spots and government public buildings. We will continue to penetrate the local market with the acquired projects as the cornerstone of our development, so as to expand the GFA under management and enhance the intensity of the local market.

Format type	As at/for the year ended 31 December 2021				As at/for the year ended 31 December 2020			
	GFA under management		Revenue		GFA under management		Revenue	
	(sq.m. 0'000)	%	(RMB'000)	%	(sq.m. 0'000)	%	(RMB'000)	%
Residential	1,089.5	67.2	150,556	47.5	695.1	67.9	112,452	59.3
Non-residential								
– Commercial properties	363.9	22.5	81,635	25.7	210.0	20.5	70,420	37.1
– Other types of non-residential properties	167.5	10.3	85,064	26.8	119.0	11.6	6,852	3.6
Total	<u>1,620.9</u>	<u>100</u>	<u>317,255</u>	<u>100</u>	<u>1,024.1</u>	<u>100</u>	<u>189,724</u>	<u>100</u>

Lifestyle Services

We offer a wide range of lifestyle services, comprising (i) community living services, including turnkey furnishing services, repair and maintenance services for property owners and residents, convenient living services, common area management services and marketing activities; (ii) community asset management services, including carpark related services and property agency services; (iii) online and offline retail services and catering services. Focusing on residents' longing for a better life, we link the industrial resources of New Hope Group and provide diversified lifestyle services. In 2021, with the further improvement of the GFA under management and the service and product upgrade of customer needs-based, the Group has achieved rapid growth in lifestyle service sector through intelligent construction, product supply chain integration and professional operation team improvement. The Group's revenue from the lifestyle services reached RMB253.5 million, an increase of 116.2% over the same period of last year, whose proportion to the total revenue rose by 7.5%, from 19.9% in the same period of last year, up to 27.4%.

Exerted its strength on community management and constantly innovated business categories

In 2021, with the increase of the GFA under management, the community living services sector also upgraded its business category on the basis of 2020, and developed a number of customized value-added services such as home appliance cleaning, formaldehyde treatment, land reclamation and cleaning, and stone maintenance from the customer demand, covering most property projects under management across the country and achieving higher growth compared with the same period of last year. The turnkey furnishing services has achieved steady growth, and its business has spread all over Chengdu, Chongqing and the core cities of Yangtze River Delta. Through the integration of brand resources, professional product research and development design capabilities, the Group has built a highly secure community ecology.

Technology empowered asset management, and cooperation for Win-Win

In terms of community asset management, the Group improved the revenue of the community asset management service sector through technology empowerment. For example, through the application of Smart Vehicle Management Cloud System and project coverage, the Group improved the ability of accurate parking space asset management, and realized revenue increase and efficiency improvement. At the same time, the Group has cooperated with Beike (貝殼) to realize complementary and win-win resources by innovating the cooperation mode, therefore further enhancing the market capacity of asset management services.

Exerted great strength on new retail and group meals, and conducted operation of both B-end and C-end customer groups

In 2021, the Group gathered many branded products, especially products fully linked with New Hope Group, and leveraged Internet plus and existing service platforms to continuously improve the penetration rate of new retail business. Through the continuous exploration of customer needs by professional teams and the development of market-oriented channels, it has been widely recognized by B-end customers and C-end customers, and its new retail business has achieved rapid growth.

The Group also made efforts in the group meal business. As at 31 December 2021, the Group's group meal business had been distributed to five cities across the country, and the average number of customers receiving daily service increased significantly compared with last year. In 2021, it became a "Member of China Cuisine Association" and completed the certification of five major systems such as "Food Safety" and "Occupational Health". At present, the Group has carried out group meal business in industrial parks, financial institutions, government and enterprise agencies and medical institutions in different cities. In practice, the Group has built core competitiveness such as multi-format and cross-regional group meal operation capability. For example, the Group successfully won the bid for the canteen project of Sichuan Cancer Hospital in 2021, highlighting the operation capability in the field of high-standard group meal, and the recognition of standardized operation capability by the market.

The following table sets forth a breakdown of our revenue from lifestyle services:

	For the year ended 31 December 2021		For the year ended 31 December 2020		Growth rate %
	Revenue (RMB'000)	Percentage %	Revenue (RMB'000)	Percentage %	
Community living services	160,063	63.2	64,186	54.8	149.4
Community asset management services	42,910	16.9	20,667	17.6	107.6
Online and offline retail services and catering services	50,573	19.9	32,395	27.6	56.1
Total	<u>253,546</u>	<u>100.0</u>	<u>117,248</u>	<u>100.0</u>	<u>116.2</u>

Commercial Operational Services

The Group provides commercial operational services to commercial properties, mainly including market research and positioning and tenant solicitation services, commercial operation services and commercial property leasing. We have a long-term and stable cooperation with the New Hope Property Group, and have provided commercial operational services to commercial properties developed by New Hope Property Group.

In 2021, the Group managed 13 projects in 6 cities across the country, covering office buildings, commercial blocks, shopping centers, industrial parks and specialty markets. During the Reporting Period, the Group has realized higher collection rate and occupancy rate of 96.9% and 92.2% respectively as of 31 December 2021. The Company's business management team achieved sustained and steady growth of business operation revenue in 2021 by virtue of its professional pre-planning, start-up and business operation capabilities, which benefited from the promotion of research policy, start-up and project upgrading services of the commercial projects to be opened, and the market research and positioning and opening preparation services increased by 305.7% compared with the same period of last year.

The table below sets forth a breakdown of our total revenue from commercial operational services by service category for the years indicated:

	For the year ended 31 December 2021		For the year ended 31 December 2020		Growth rate %
	Revenue (RMB'000)	Percentage %	Revenue (RMB'000)	Percentage %	
Market research and positioning and opening preparation services	13,777	11.4	3,396	3.0	305.7
Commercial operation services	85,979	71.4	95,013	84.1	-9.5
Commercial properties leasing	20,622	17.2	14,547	12.9	41.8
Total	<u>120,378</u>	<u>100.0</u>	<u>112,956</u>	<u>100</u>	<u>6.6</u>

Value-added services to non-property owners

We also provide a series of value-added services to non-property owners, mainly for property developers, and our value-added services to non-property owners include (i) on-site management services; (ii) preliminary planning and design consultation, pre-delivery and repair and maintenance services; and (iii) other services, such as construction site management services.

Based on the stable cooperative relationship with the New Hope Property Group, the Group has realized the continuous growth in value-added services to non-property owners, with revenue increased by 38.9% compared with RMB168.3 million in the same period last year to RMB233.8 million as of 31 December 2021.

The following table sets forth a breakdown of our revenue from value-added services to non-property owners during the periods indicated:

	For the year ended 31 December 2021		For the year ended 31 December 2020		Growth rate %
	Revenue (RMB'000)	Percentage %	Revenue (RMB'000)	Percentage %	
On-site management services	112,979	48.3	96,708	57.5	16.8
Preliminary planning and design consultation, pre-delivery and repair and maintenance services	88,036	37.7	60,615	36.0	45.2
Other services	32,776	14.0	11,012	6.5	197.6
Total	<u>233,791</u>	<u>100.0</u>	<u>168,335</u>	<u>100.0</u>	<u>38.9</u>

PROSPECTS

To continue full commitment in the metropolitan areas and urban agglomerations in China to increase our business scale

The scale growth is one of the development focuses in the future. We will continue to expand our business in the metropolitan areas and urban agglomerations in China, especially the first-tier, new first-tier and second-tier cities in the Chengdu-Chongqing urban agglomeration and the Eastern China region, and continue to consolidate our market position in these areas. To achieve our expansion goal, we will continue to cooperate with the New Hope Group and the New Hope Property Group for development. We also plan to actively seek opportunities to manage properties developed by independent third-party property developers through participating in tendering processes and through strategic acquisition and investment. We also plan to continue to expand our collaboration with independent third-party property developers to reduce our reliance on New Hope Property Group while further increasing our market share. We established a cooperation development center at the headquarters level and cooperation development departments at regional company levels to effectively carry out localized market expansion, obtain high-quality projects, and make qualitative breakthroughs in market expansion capacity building and scale expansion. In terms of future development strategy, we always strengthen the regional deep cultivation strategy and the placement of key cities, and make effective strategic choices for new cities. In terms of format options, we firmly combine our own advantages, with residential buildings, office buildings and industrial parks still as our preferred racetracks. Segmented racetracks is realized

with moderately diversified support, at the same time, special breakthroughs are made in medical, education and high-quality public infrastructure projects. In terms of team management, effective incentives under reasonable assessment can fully stimulate the vitality of the team and ensure the achievement of performance, so as to build a dynamic, professional and accomplished team in market.

To focus on the residents’ desire for a better life, connect the New Hope Group’s industries to continue to enhance our lifestyle services

By focusing on the residents’ desire for a better life, we plan to focus on further developing our lifestyle services, including turnkey furnishing services, convenient living services, community asset management services, online and offline retail services and catering services, etc. We will continue to strengthen our cooperation with the New Hope Group to make full use of its diverse industry coverage and rich resources to expand our lifestyle services. For example, based on our understanding of the customers’ demands, we plan to explore the product supplies available from New Hope Liuhe Co., Ltd. (新希望六和股份有限公司), New Hope Dairy Co., Ltd. (新希望乳業股份有限公司) and others, enrich our product offerings for our online and offline retail services and catering services, and create diversified product assortment for our customers. We also plan to enhance cooperation with companies under the New Hope Group, for example, to operate canteens and provide catering services for them. We will continue to increase the scale of our lifestyle services through internal growth and external expansion and enhance the overall living experience of our property owners and customers.

In addition, based on our national service layout, as well as our successful experience in developing innovative services offerings in the past, we will continue to strengthen the market-oriented ability of lifestyle services. We will also look for strategic acquisition and investment opportunities to help us continuously provide competitive lifestyle services for our consumers.

To continue to improve the service capacity of the Company to lay foundation for lifestyle service development through premium service and high satisfaction

In 2021, the Group iterated from the original “1+4+4” green living service system to the “1+5+N” pan-scenario service system. While adhering to the high-quality four-dimensional living service, the Group joins the “five standardized” quality control system and N differentiated service designs matching different service needs. The “five standardized” mainly focuses on the quality construction of “window image, moving line management, smart technology, empowerment system and quality supervision”, so that the projects we serve have the presentation of New Hope Group’s services characteristic in terms of type, spirit and rhyme, and are provided in more efficient, convenient and warm-hearted on the basis of standards and norms.

We will strictly abide by the quality control and maintain a high level of satisfaction. Link business development with customers’ living needs and preferences, integrate user demand portraits through the online service platform of Hope Cloud Community and others, and efficiently lock customers’ concerns, and then, through multi-level customer demand analysis, the satisfaction service planning with territorial characteristics and time characteristics is formed, and through effective process control to promote the achievement of results. In this way, we can create “living scenes, working scenes and consumption scenes” with high-quality experience and emotional resonance, and gain customer satisfaction and recognition.

At the same time, we will continue to create service IP with memorable points. The housing inspection service, with the aim of “lasting charms and worry-free”, assesses the function, safety and health index of the house in all aspects, and brings the ultimate peace of mind to the owners. Service experience officer listens to the voice of customers with multi-channel supervision and service transparency, allowing owners to integrate into the reality of management and experience evaluation of service optimization.

To continue to increase investments in technologies to improve service quality as well as operating efficiency

The Group will continue to invest in technologies to facilitate our business development to meet the evolving needs of customers, to build the community ecosystem, and to improve our operating efficiency.

Smart community system. The Group uses Internet of Things technology to build a smart community across spatial scenes, and will jointly build a smart community management and service system from six dimensions: standardized management, safety control, convenient access, energy control, facilities and equipment monitoring and artificial intelligence, so as to improve the intelligent level of the community. We will continue to improve the system under construction, and start the construction of intelligent security, operation hotspots, non-motor vehicle management and material management systems.

Customer service system. The customer service system will ensure that users have a high-quality user experience in basic service functions such as payment and passage on the mobile terminal, improve the fee collection rate, reduce service costs, expand the multi-dimensional service content of housekeepers, improve the service system and better the receivable channels, and at the same time make the housekeeper’s face-to-face service precise, standardized and convenient.

Internal control management system. The internal control management system will aim at the informatization construction of internal management, risk control and office collaboration of the Group, in a bid to improve internal management and work efficiency, simplify internal business processes, control internal management risks, reduce differences between industry and finance, and achieve consistency between industry and finance. At the same time, the Group will improve the centralized management and control ability of each business sector for business, the ability to reach and serve customers, and the accuracy and consistency of data.

Lean management to promote efficiency, rationally reduce cost and improve efficiency

Centering on the three objectives of “revenue generation +, efficiency + and service +” of business units, the Group specifically managed nine lean scenarios, standardized systems, methods and tools, and empowered them into the lean work of projects and business units to help continuously reduce management rates. We will not cease efforts to adopt various lean management measures to reduce costs and increase efficiency, while optimizing the management structure, standardizing the operation process and strengthening the construction of the supply chain system so as to improve the operation and management efficiency.

FINANCIAL REVIEW

Revenue

The Group’s revenue primarily generated from four business lines: (i) property management services, (ii) value-added services to non-property owners, (iii) commercial operational services, and (iv) lifestyle services. The Group’s revenue increased by RMB336.7 million or approximately 57.2% to RMB925.0 million for the year ended 31 December 2021 from RMB588.3 million for year ended 31 December 2020, which was primarily attributable to (i) the increased in revenue from property management service arising from by the increased in the GFA under management of the Group; (ii) the increase in revenue from lifestyle services.

The following table sets forth a breakdown of our total revenue by business line during the periods indicated:

	For the year ended 31 December			
	2021		2020	
	<i>(RMB’000)</i>	<i>Percentage of total revenue %</i>	<i>(RMB’000)</i>	<i>Percentage of total revenue %</i>
Property management services	317,255	34.3	189,724	32.3
Value-added services to non-property owners	233,791	25.3	168,335	28.6
Commercial operational services	120,378	13.0	112,956	19.2
Lifestyle services	253,546	27.4	117,248	19.9
Total	<u>924,970</u>	<u>100.0</u>	<u>588,263</u>	<u>100.0</u>

The property management services are our largest source of revenue. For the year ended 31 December 2021, the revenue from property management services was RMB317.3 million, accounting for 34.3% of the Group’s total revenue. The increase in revenue was primarily driven by the increase of revenue from property management services, which was brought about by the increase of GFA under management of the Group from 10.2 million sq.m. as at 31 December 2020 to 16.2 million sq.m. as at 31 December 2021. The increase of GFA under management is mainly because (i) the continuing delivery of properties developed by the New Hope Property Group for our management during the Reporting Period; and (ii) the Group’s expansion in independent third-party markets.

The revenue from value-added services to non-property owners increased by 38.9% from approximately RMB168.3 million for year ended 31 December 2020 to approximately RMB233.8 million for the year ended 31 December 2021, which was mainly driven by the increase in number of real estate projects under sales, construction and delivery by the New Hope Property Group which involved us to provide service during the Reporting Period.

The increase by 6.6% from RMB113.0 million for the year ended 31 December 2020 to RMB120.4 million for the year ended 31 December 2021 in revenue from commercial operational services was mainly due to the commencement of operation of a commercial subleasing service which started in October 2021 and the provision of marketing and positioning service of our Group for commercial property projects during the Reporting Period.

The revenue from lifestyle service increased by 116.2% from approximately RMB117.2 million, representing 19.9% of total revenue of the Group for the year ended 31 December 2020 to approximately RMB253.5 million, representing 27.4% of total revenue of the Group for the year ended 31 December 2021. Among that:

- (1) The revenue from community living services increased by 149.4% from RMB64.2 million for the year ended 31 December 2020 to RMB160.1 million for the year ended 31 December 2021, which is mainly attributable to the significant increase of GFA under management of the Group during the Reporting Period. At the same time, the Company actively explored the development opportunity of community space resources and improved the business expansion effort on community living services, which has also contributed to the increase in revenue.
- (2) The revenue from community asset management services increased by 107.6% from RMB20.7 million for the year ended 31 December 2020 to RMB42.9 million for the year ended 31 December 2021, mainly due to (i) the launch of Smart Parking System in the projects under the Group's management, improving the efficiency of management on parking income; and (ii) the increase in revenue from carpark related service resulting from the increase of number in projects under the Group's management.
- (3) The revenue from online and offline retail services and catering services increased by 56.1% from RMB32.4 million for the year ended 31 December 2020 to RMB50.6 million for the year ended 31 December 2021, which was mainly due to the Group's continuing resource investment in the group meal business to expand the market share, which resulted in a rapid increase in revenue from the relevant business during the Reporting Period. At the same time, the Group continued to establish new channel for retail and expand the business scope to cover both B side and C side clients, which also drove the rapid growth of the Group's retail business.

Cost of Sales

Our cost of sales represents costs directly attributable to the provision of our services and consist primarily of (i) staff costs; (ii) outsourced labor costs; (iii) maintenance costs; (iv) material and cost of goods sold; (v) energy and resources expenses; (vi) cleaning expenses; (vii) depreciation and amortization charges; and (viii) all other costs of sales, mainly including business consultation expenses, transport expenses, and costs of low value consumption goods such as office supplies and stationery. For the year ended 31 December 2021, the total cost of sales of the Group was approximately RMB548.3 million, which increased by approximately RMB207.4 million or approximately 60.8% as compared to approximately RMB340.9 million for the same period of 2020. The growth rate of our cost of sales was higher than that of our revenue, primarily due to the increase in the proportion of revenue contribution from the property management services and lifestyle services over the total revenue of the Group, which have a relatively lower gross profit margin compared to other business lines.

Gross Profit and Gross Profit Margin

The gross profit of the Group increased by RMB129.3 million or 52.3% to RMB376.7 million for the year ended 31 December 2021 from RMB247.4 million for the year ended 31 December 2020.

The following table sets forth a breakdown of our gross profit and gross profit margin by business line during the periods indicated:

	For the year ended 31 December			
	2021		2020	
	<i>Gross profit</i>		<i>Gross profit</i>	
	<i>(RMB'000)</i>	<i>margin %</i>	<i>(RMB'000)</i>	<i>margin %</i>
Type				
Property management services	95,647	30.1	59,208	31.2
Value-added services to non-property owners	99,787	42.7	73,656	42.8
Commercial operational services	75,086	62.4	61,866	54.8
Lifestyle services	106,170	41.9	52,642	44.9
Total	376,690	40.7	247,372	42.1

For the year ended 31 December 2021, the gross profit margin of the Group decreased by 1.4 percentage points as compared with the corresponding period last year.

Our gross profit margin of property management services decreased by 1.1%, primarily because we would no longer enjoy the government subsidies granted in 2020 for the COVID-19 pandemic during the Reporting Period.

Our gross profit margin of value-added services to non-property owners decreased by 0.1%, which remained stable compared with corresponding period last year.

Our gross profit margin of commercial operational services increased by 7.6%, primarily due to (i) the improvement of occupancy rate of the commercial properties resulting from the relief of COVID-19 pandemic; (ii) the improvement of management; and (iii) higher gross profit margin of market research and positioning services, which was added as a percentage of revenue.

Our gross profit margin of lifestyle services decreased by 3.0%, primarily due to our expansion of community living services during the Reporting Period, resulting in lower overall gross profit margin as certain business models have lower gross profit margin and are in early expansion stage.

Other Net Income

The other net income of the Group decreased by RMB9.0 million or 87.7% to RMB1.3 million for the year ended 31 December 2021 from RMB10.3 million for the year ended 31 December 2020, which was primarily attributable to the decrease in fair value of sub-leased assets resulting from the shorter lease term.

Administrative Expenses

Our administrative expenses include (i) staff costs; (ii) professional fees, (iii) office and business entertainment expenses; (iv) depreciation and amortization; (v) listing expenses; (vi) tax expense; and (vii) all other administrative expenses, which primarily consist of office expenses, tax expenses, hiring and training expenses, and cleaning expenses. Total administrative expenses of the Group were approximately RMB172.5 million for the year ended 31 December 2021, which increased by approximately RMB53.1 million or approximately 44.5% as compared to approximately RMB119.4 million for the year ended 31 December 2020. Such increase was mainly incurred in (i) costs for employees for the expansion of business; and (ii) the listing related expenses.

Selling Expenses

The selling expenses of the Group increased by RMB0.7 million or 21.7% to RMB3.9 million for the year ended 31 December 2021 from RMB3.2 million for the year ended 31 December 2020. The increase in expenses is mainly due to expenses incurred by the Group for the expansion of its business during the Reporting Period.

Finance Income/(Costs), Net

The net financial income amounted to RMB4.0 million for the year ended 31 December 2021, whereas the net financial cost amounted to RMB2.7 million for the year ended 31 December 2020, the increase was primarily attributable to the interest income generated from fundraising.

Income Tax Expense

For the year ended 31 December 2021, the income tax of the Group was approximately RMB36.3 million (for the year ended 31 December 2020: RMB22.8 million) and the trend is consistent with the increase of profit of the Company during the Reporting Period.

Profit for the Reporting Period

The net profit of the Group increased by approximately RMB56.1 million or approximately 51.1% to approximately RMB165.9 million for the year ended 31 December 2021 from approximately RMB109.8 million for the year ended 31 December 2020.

Profit Attributable to Shareholders of the Company Excluding the Listing Expenses

The net profit excluded the listing expenses of the Group increased by approximately RMB70.4 million or approximately 60.6% to approximately RMB186.6 million for the year ended 31 December 2021 from approximately RMB116.2 million for the year ended 31 December 2020.

The profit attributable to shareholders of the Company excluding listing expenses increased by approximately 60.6% to approximately RMB186.6 million for the year ended 31 December 2021 from approximately RMB116.2 million for the year ended 31 December 2020.

Property, Plant and Equipment

Property, plant and equipment of the Group mainly consists of machinery, vehicles, electronic equipment, office and other equipment, furniture and fixtures, and right-of-use assets. As at 31 December 2021, the Group's property, plant and equipment was approximately RMB13.6 million, a decrease by approximately RMB3.5 million from approximately RMB17.1 million as at 31 December 2020, mainly due to depreciation of property, plant and equipment in 2021.

Trade Receivables

Trade receivables primarily arise from the provision of property management services, value-added services to non-property owners, commercial operational services and lifestyle services. The Group's trade receivables as at 31 December 2021 amounted to approximately RMB189.3 million, representing an increase of approximately RMB26.2 million or 16.1% as compared to approximately RMB163.1 million as at 31 December 2020, which was consistent with the trend of income growth.

Prepayments, Deposits and Other Receivables

Prepayment, deposits and other receivables increased by 48.3% from RMB38.1 million as at 31 December 2020 to RMB56.5 million as at 31 December 2021, primarily due to the increase of prepayments brought by the development of our business and the increase investment in informatization construction had not been carried over to intangible assets since the acceptance conditions have yet been met.

Trade Payables

The Group's trade payables as at 31 December 2021 amounted to approximately RMB71.8 million, representing an increase of approximately RMB28.1 million or 64.3% as compared to approximately RMB43.7 million as at 31 December 2020, mainly due to the development of our business.

Other Payables and Accruals

Other payables and accruals increased by 8.4% from RMB172.2 million as at 31 December 2020 to approximately RMB186.6 million as at 31 December 2021, primarily due to the increase in received deposits and security deposits with the development of our business.

Financial Position and Capital Structure

For the year ended 31 December 2021, the Group maintained a sound financial position.

As at 31 December 2021, the Group's current ratio (current assets/current liabilities) was 2.9 times (31 December 2020: 1.2 times) and net gearing indicated a net cash status (31 December 2020: net cash). Net gearing ratio is calculated by interest-bearing borrowings minus cash and cash equivalents, and then divided by net assets. As at 31 December 2021 and 31 December 2020, the Group did not have any outstanding interest-bearing borrowings.

Pledge of Assets

As at 31 December 2021, none of the assets of the Group were pledged (31 December 2020: Nil).

Contingent Liabilities

As at 31 December 2021, the Group did not have any material contingent liabilities (31 December 2020: Nil).

Interest Rate Risk

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

Foreign Exchange Risk

The Group mainly operates its business in the PRC, and substantially all of its revenue and expenses are denominated in Renminbi. As at 31 December 2021, among the Group's cash and bank balances, RMB0.3 million was denominated in Hong Kong dollars, such amounts were subject to the exchange rate fluctuation. The Group does not have any policy to hedge against foreign exchange risk. However, the Group will closely monitor its foreign exchange exposure, and strive to maintain the value of the Group's cash.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Reporting Period, the Group had undergone acquisitions and disposals of subsidiaries for the purpose of the reorganization in preparation for the listing of shares (the "**Share(s)**") of the Company (the "**Listing**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Please refer to the prospectus of the Company dated 11 May 2021 (the "**Prospectus**") for further details.

Save as disclosed in the Prospectus, the Company has no other significant investments or significant acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group intends to utilise the net proceeds raised from the Listing according to the plans set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. For details, please refer to section headed "Use of Net Proceeds from the Listing" below.

Save for the above, the Group did not have any other immediate plans for material investments and capital assets as at 31 December 2021.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed for the proposed final dividend, as at the date of this announcement, the Group did not have any other significant event subsequent to 31 December 2021.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2021, the Group had approximately 3,162 employees (31 December 2020: 3,442 employees). During the Reporting Period, the total staff costs were approximately RMB339.4 million (for the year ended 31 December 2020: approximately RMB256.3 million).

In order to attract and retain high quality staff to enable smooth operation within the Group, the remuneration policy of the Group's employees are being reviewed periodically to ensure that the salary and benefit levels of the employees of the Group are competitive. The salaries and allowances of employees were determined based on their performance, experience and the then prevailing market rates. Discretionary performance bonus and share option scheme after assessments is in place for employees to reward their contributions. The Group is subject to social insurance contribution plans or other pension schemes prescribed by the local governments and is required to pay on behalf of its employees, a monthly social insurance funds covering pension fund, medical insurance, work-related injury insurance, maternity insurance and unemployment insurance, and the housing provident fund, or to contribute regularly to mandatory provident fund schemes on behalf of its employees.

The Group continues to provide adequate job training to employees to equip them with practical knowledge and skills. The employee training programs primarily cover key areas in the Group's business operations, which provide continuous training to its existing employees at different levels to specialize and strengthen their skill sets.

USE OF NET PROCEEDS FROM THE LISTING

The Shares were listed on the Stock Exchange on 25 May 2021 (the "**Listing Date**") and the over-allotment option (the "**Over-allotment Option**") was partially exercised on 11 June 2021. For details, please refer to the Prospectus and the announcement of the Company dated 15 June 2021. The Company intends to utilize the net proceeds from the Listing (including the partial exercise of

the Over-allotment Option) according to the plans set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus. Net proceeds from the Listing (including the partial exercise of the Over-allotment Option), after deducting the underwriting commission and other estimated expenses in connection with the Listing, amounted to approximately HK\$790.0 million (equivalent to approximately RMB648.7 million). As at 31 December 2021, an analysis of the utilisation of net proceeds from the Listing (including the partial exercise of the Over-allotment Option) is as follows:

Major categories	% of total proceeds	Amount (HK\$ in millions)	Sub-categories	Specific plans	% of total proceeds	Actual use of net proceeds from the Listing Date to 31 December 2021 (HK\$ in millions)	Unutilised net proceeds as at 31 December 2021 (HK\$ in millions)	Expected timeframe of the intended use of net proceeds
Strategic acquisition and investment	70.00%	487.4	Acquire and invest in other property management companies	We expect to further expand our business and diversify the property portfolio and further solidify our market position by acquiring or investing in other property management companies that focus on residential properties and nonresidential properties such as office buildings, commercial complexes, and healthcare and education facilities	61.70%	0	487.4	On or before 31 December 2023
		65.6	Acquire and invest in other companies providing lifestyle services	We are to acquire or invest in companies offering lifestyle services, such as daycare services, in order to further develop our service ecosystem and improve our customer satisfaction	8.30%	0	65.6	On or before 31 December 2023

Major categories	% of total proceeds	Amount (HK\$ in millions)	Sub-categories	Specific plans	% of total proceeds	Actual use of net proceeds from the Listing Date to 31 December 2021	Unutilised net proceeds as at 31 December 2021	Expected timeframe of the intended use of net proceeds
						(HK\$ in millions)	(HK\$ in millions)	
Upgrade information system and equipment	15.0%	23.7	Midleground system	We expect to invest in the midleground systems, including, among others, (i) data midleground system and infrastructural data management system to integrate the data available for our business operation under different business segments, (ii) customer relationship management system to meet additional technology needs arising from our business expansion for a variety of our service offerings and the upgrades of our overall information system structure, and (iii) membership system to achieve centralized management of customer membership in different business segments and to generate more business value from customer membership data	3.00%	2.4	21.3	On or before 31 December 2023
		2.2	Property management support system	We plan to purchase a centralized management standardization system to achieve standardized management of our property management projects across the PRC and improve our overall operation efficiency and service quality	0.30%	2.1	0.1	On or before 31 December 2023

Major categories	% of total proceeds	Amount (HK\$ in millions)	Sub-categories	Specific plans	% of total proceeds	Actual use of net proceeds from the Listing Date to 31 December 2021	Unutilised net proceeds as at 31 December 2021	Expected timeframe of the intended use of net proceeds
						(HK\$ in millions)	(HK\$ in millions)	
		15.0	Lifestyle service support system	We expect to invest in information technology platforms to support our lifestyle services, including, among others, (i) to develop and optimize our ERP system to add features such as direct links to invoice printer and electronic invoice system, and access to online payment system and payment systems for other channels, and warehouse inventory management function, and (ii) to develop information technology platforms to support our community space operational services, online and offline retail services and catering services and community asset management services by adding features such as leasable space management function, contract management function, supplier information sharing function, to achieve efficient operation and management of these business lines	1.90%	4.1	10.9	On or before 31 December 2023

Major categories	% of total proceeds	Amount (HK\$ in millions)	Sub-categories	Specific plans	% of total proceeds	Actual use of net proceeds from the Listing Date to 31 December 2021	Unutilised net proceeds as at 31 December 2021	Expected timeframe of the intended use of net proceeds
						(HK\$ in millions)	(HK\$ in millions)	
		11.1	Corporate infrastructural operation system	We expect to optimize our corporate infrastructural operation systems, including, among others, (i) to develop business plan management system to add functions consolidating each subsidiary's business management, quality control, supply chain management, contract management, accounting management at our headquarters, (ii) to upgrade our financial indicator management and reporting system to achieve additional features such as refined cost and expense management at project level, streamlined internal expense approval procedure and data generation and display of revenue, costs, profits and other key financial indicators at different corporate levels, (iii) to update our settlement system to add additional features such as unified accounting items at different corporate levels, centralized management of receivables and functions to support the financial data analysis for various business decisions, and (iv) to upgrade our cost control system to achieve functions such as centralized supply contract management and payment schedule management and functions to support the centralized customer and supplier database	1.40%	1.8	9.3	On or before 31 December 2023

Major categories	% of total proceeds	Amount (HK\$ in millions)	Sub-categories	Specific plans	% of total proceeds	Actual use of net proceeds from the Listing Date to 31 December 2021	Unutilised net proceeds as at 31 December 2021	Expected timeframe of use of net proceeds
						(HK\$ in millions)	(HK\$ in millions)	
		42.6	Intelligent community pilot projects	We plan to invest in four intelligent community pilot projects in Chengdu-Chongqing urban agglomeration. Such pilot projects are expected to be fully covered by RMA system, cloud-based intelligent traffic control system and intelligent security protection system to prepare for more extensive coverage of these intelligent systems in the property projects under our management	5.40%	0.7	41.9	On or before 31 December 2023
		23.70	Human resources to support information technology upgrades	We plan to recruit information technology and management professionals, including, among others, research and development engineers and managers, product managers and project managers Specifically, we plan to recruit approximately five to 10 technical experts and product experts with annual salary of approximately RMB300,000 to RMB600,000 per person, whose work assignment would encompass developing and optimizing intelligent IoT system	3.00%	0	23.7	On or before 31 December 2023

Major categories	% of total proceeds	Amount (HK\$ in millions)	Sub-categories	Specific plans	% of total proceeds	Actual use of net proceeds from the Listing Date to 31 December 2021 (HK\$ in millions)	Unutilised net proceeds as at 31 December 2021 (HK\$ in millions)	Expected timeframe of the intended use of net proceeds
Talent recruitment and team building	5.00%	39.5	N/A	We plan to recruit approximately 200 to 400 individuals for various positions, including management trainees, senior management, professionals for our property management services to non-residential properties such as schools and hospitals, our lifestyle services, our brand operation, business development and strategic acquisition and investment and several professional managers for our regional companies, in order to support our business expansion	5.00%	0	39.5	On or before 31 December 2023

We expect our hiring policy to continue to follow our historical hiring policies. We generally do not require working experience for management trainees, but would require certain years of relevant working experience for other positions depending on the seniority of the position. We would require or prefer the candidates to hold relevant qualifications and credentials for positions that require certain professional skills, such as programming, accounting, and others. The annual salary for an individual hired would range from RMB60,000 to RMB500,000, depending on the positions and the specific case of each hire

Major categories	% of total proceeds	Amount (HK\$ in millions)	Sub-categories	Specific plans	% of total proceeds	Actual use of net proceeds from the Listing Date to 31 December 2021 (HK\$ in millions)	Unutilised net proceeds as at 31 December 2021 (HK\$ in millions)	Expected timeframe of use of net proceeds
Working capital	10.00%	79.0	N/A	We expect to have increasing needs for working capital as a result of our expected rapid and organic expansion as well as diversifying service offerings and property portfolio under management	10.00%	50.7	28.3	On or before 31 December 2023
	100.00%	790			100.00%	61.8	728.2	On or before 31 December 2023

The remaining net proceeds raised from Listing which had not been utilized were deposited with well-established and licensed commercial banks and authorized financial institutions. The expected timeframe for the unutilised net proceeds is based on the Directors' best estimation barring unforeseen circumstances, and would be subject to change based on the future development of the Group's business and the market conditions.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Except for the Company's Global Offering (including the partial exercise of Over-Allotment Options) as defined and described in the Prospectus and the announcement of the Company dated 15 June 2021, the Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company from the Listing Date up to 31 December 2021.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of our shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code of corporate governance.

In the opinion of the Directors, the Company has complied with all the code provisions as set out in the CG Code from the Listing Date up to 31 December 2021. The Company will continue to review and monitor its corporate governance practice to ensure the compliance of the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions conducted by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own Code of Conduct for securities transactions conducted by relevant Directors and employees. After making specific enquiries to all the Directors, each of them has confirmed that they have complied with the required standards set out in the Model Code from the Listing Date up to 31 December 2021.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting (the “**Annual General Meeting**”) of the Company is scheduled to be convened and held on Thursday, 16 June 2022. A notice convening the Annual General Meeting will be published and despatched in the manner as required by the Listing Rules in due course.

FINAL DIVIDEND

The Board proposes the payment of a final dividend of RMB0.071 per Share for the year ended 31 December 2021 (the “**Final Dividend**”), with a proposed dividend payout ratio of approximately 35%, which shall be subject to approval of the shareholders of the Company (the “**Shareholders**”) at the Annual General Meeting. If the resolution for the Final Dividend is passed at the Annual General Meeting, the Final Dividend is expected to be paid on or before Monday, 15 August 2022 to the Shareholders whose names appear on the register of members of the Company on Thursday, 4 August 2022. The Final Dividend will be declared in Renminbi and paid in Hong Kong dollars, the exchange rate of which will be calculated based on the average exchange rate of Renminbi against Hong Kong dollars published by the People’s Bank of China five business days prior to the Annual General Meeting.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining Shareholders’ entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Monday, 13 June 2022 to Thursday, 16 June 2022 (both days inclusive) during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the Annual General Meeting, all transfer documents accompanied by the relevant share certificates (together the “**Share Transfer Documents**”) must be lodged with the Company’s Hong Kong share registrar (the “**Hong Kong Share Registrar**”), Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Friday, 10 June 2022.

For the purpose of ascertaining Shareholders’ entitlement to the Final Dividend, the register of members of the Company will be closed from Tuesday, 2 August 2022 to Thursday, 4 August 2022 (both days inclusive) during which period no transfer of the Shares will be registered. In order to qualify for the Final Dividend, the Share Transfer Documents must be lodged with the Hong Kong Share Registrar at the address specified above not later than 4:30 p.m. on Monday, 1 August 2022.

AUDIT COMMITTEE

The Board has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the CG Code. The terms of reference of the Audit Committee has been uploaded to the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.newhopeservice.com.cn).

The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control systems of the Group, oversee the audit process, provide advice and comments to the Board and perform other duties and responsibilities as may be assigned by the Board.

The Audit Committee has discussed with the management and the external auditor of the Company and has reviewed the annual results of the Group for the year ended 31 December 2021 together with the accounting standards and practices adopted by the Group. The Audit Committee has agreed with the management of the Company on the annual results of the Group for the year ended 31 December 2021.

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement have been agreed by the Group’s auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group’s consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk as well as the Company’s website at www.newhopeservice.com.cn. The Company’s annual report for the year ended 31 December 2021 will be despatched to the Shareholders and published on the aforementioned websites in due course.

By order of the Board
New Hope Service Holdings Limited
Zhang Minggui
Chairman

Hong Kong, 21 March 2022

As at the date of this announcement, the Board comprises Ms. Wu Min and Ms. Chen Jing as executive Directors, Mr. Zhang Minggui (chairman of the Board), Mr. Jiang Mengjun, Mr. Dong Li and Ms. Huang Kun as non-executive Directors and Mr. Cao Qilin, Mr. Kong Chi Mo and Mr. Li Zhengguo as independent non-executive Directors.