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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 2022

ANNUAL RESULTS HIGHLIGHTS

For the year ended 31 December 2022, the results of the Group were as follows:

1. The revenue of the Group amounted to RMB1,139.0 million, representing an increase of 23.1% as compared to that of RMB925.0 million for the corresponding period of 2021.
2. The revenue of the Group by business segments was as follows:
 - 1) The revenue from property management services amounted to RMB488.3 million, accounting for 42.9% of the total revenue, representing an increase of 53.9% as compared to that of RMB317.3 million for the corresponding period of 2021;
 - 2) The revenue from lifestyle services amounted to RMB303.3 million, accounting for 26.6% of the total revenue, representing an increase of 19.6% as compared to that of RMB253.5 million for the corresponding period of 2021.
 - 3) The revenue from commercial operational services amounted to RMB118.1 million, accounting for 10.4% of the total revenue, representing a decrease of 1.9% as compared to that of RMB120.4 million for the corresponding period of 2021;
 - 4) The revenue from value-added services to non-property owners amounted to RMB229.3 million, accounting for 20.1% of the total revenue, representing a decrease of 1.9% as compared to that of RMB233.8 million for the corresponding period of 2021;
3. The gross profit was RMB431.1 million, representing an increase of 14.5% as compared to that of RMB376.7 million for the corresponding period of 2021.
4. The profit attributable to the equity shareholders of the Company for the Reporting Period was RMB203.0 million, representing an increase of 8.8% as compared to that of RMB186.6 million (excluding the one-off listing expenses) for the corresponding period of 2021.

5. The net cash flow generated from the operating activities of the Group was approximately RMB178.8 million for the year ended 31 December 2022 as compared to that of approximately RMB236.2 million for the corresponding period of 2021.
6. For the year ended 31 December 2022, the Group had 235 contracted projects with contracted GFA of 36.1 million sq.m., representing an increase of approximately 37.0% as compared to the corresponding period of 2021. The Group had 191 projects under management with the GFA under management of approximately 28.8 million sq.m., representing an increase of approximately 77.8% as compared to the corresponding period of 2021.
7. The Board recommended to declare a final dividend of RMB0.12 per Share for the year ended 31 December 2022 (for the year ended 31 December 2021: RMB0.071 per Share).

The board (the “**Board**”) of directors (the “**Directors**”) of New Hope Service Holdings Limited (the “**Company**” or “**New Hope Service**”) 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 2022 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2021, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2022

(Expressed in Renminbi (“RMB”))

	<i>Note</i>	2022 <i>RMB’000</i>	2021 <i>RMB’000</i>
Revenue	3	1,138,889	924,970
Cost of sales		<u>(707,755)</u>	<u>(548,280)</u>
Gross profit		431,134	376,690
Other net (expenses)/income	4	(7,148)	1,265
Selling expenses		(3,571)	(3,862)
Administrative expenses		(158,442)	(172,505)
Expected credit loss on financial assets		<u>(15,071)</u>	<u>(3,194)</u>
Profit from operations		<u>246,902</u>	<u>198,394</u>
Finance expenses		(4,941)	(4,831)
Finance income		<u>24,446</u>	<u>8,850</u>
Finance income, net	5(a)	<u>19,505</u>	<u>4,019</u>
Share of profits less losses of associates		<u>13</u>	<u>(201)</u>
Profit before taxation		266,420	202,212
Income tax	6(a)	<u>(44,141)</u>	<u>(36,333)</u>
Profit for the year		<u>222,279</u>	<u>165,879</u>
Attributable to:			
Equity shareholders of the Company		203,033	165,894
Non-controlling interests		<u>19,246</u>	<u>(15)</u>
Profit for the year		<u>222,279</u>	<u>165,879</u>

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

for the year ended 31 December 2022

(Expressed in RMB)

	<i>Note</i>	2022 RMB'000	2021 <i>RMB'000</i>
Profit for the year		222,279	165,879
Other comprehensive income for the year:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of overseas subsidiaries		—	(23)
Other comprehensive income for the year, net of tax		—	(23)
Total comprehensive income for the year		222,279	165,856
Attributable to:			
Equity shareholders of the Company		203,033	165,871
Non-controlling interests		19,246	(15)
Total comprehensive income for the year		222,279	165,856
Earnings per share			
Basic and diluted (RMB)	7	0.25	0.23

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2022

(Expressed in RMB)

	<i>Note</i>	At 31 December 2022 <i>RMB'000</i>	At 31 December 2021 <i>RMB'000</i>
Non-current assets			
Investment properties		104,609	96,668
Goodwill	8	133,415	–
Property, plant and equipment		13,962	13,619
Intangible assets	9	115,330	24,838
Interests in associates		2,148	1,441
Equity securities designated at fair value through other comprehensive income (FVOCI)		30	30
Deferred tax assets		6,742	2,779
		<u>376,236</u>	<u>139,375</u>
Current assets			
Inventories		363	267
Prepayments, deposits and other receivables		78,827	56,510
Trade receivables	10	324,759	189,285
Cash and cash equivalents		1,039,740	1,105,530
		<u>1,443,689</u>	<u>1,351,592</u>
Current liabilities			
Trade payables	11	161,864	71,787
Other payables and accruals		223,675	186,603
Contract liabilities		158,298	195,772
Amount due to related companies		4,135	6,126
Current taxation		16,124	–
Lease liabilities		4,903	8,472
		<u>568,999</u>	<u>468,760</u>
Net current assets		<u>874,690</u>	<u>882,832</u>
Total assets less current liabilities		<u>1,250,926</u>	<u>1,022,207</u>
Non-current liabilities			
Lease liabilities		60,807	60,356
Deferred tax liabilities		16,286	7,492
		<u>77,093</u>	<u>67,848</u>
NET ASSETS		<u>1,173,833</u>	<u>954,359</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

at 31 December 2022

(Expressed in RMB)

	<i>Note</i>	At 31 December 2022 RMB'000	At 31 December 2021 RMB'000
CAPITAL AND RESERVES			
Share capital	<i>12</i>	6,741	6,741
Reserves		1,091,406	946,108
Total equity attributable to equity shareholders of the Company		1,098,147	952,849
Non-controlling interests		75,686	1,510
TOTAL EQUITY		1,173,833	954,359

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 are principally engaged in property management services, lifestyle services, commercial operational services and value-added services to non-property owners 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 (collectively the "Ultimate Owners").

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 2022 comprise the Company and its subsidiaries and the Group's interest in associates.

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

- Investment property, including interests in leasehold buildings held as investment property where the Group is the registered owner of the property interest
- Investment in equity securities

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 these financial statements for the current accounting period:

- Amendments to IAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to IAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract*

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. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT REPORTING

(a) **Revenue**

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

(i) Disaggregation of revenue

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue from contracts with customers within the scope of IFRS 15		
– Over time	892,197	695,285
– A point in time	225,345	207,359
Revenue from other sources		
– Rental income from investment properties	21,347	22,326
Total	<u>1,138,889</u>	<u>924,970</u>

For the year ended 31 December 2022, the Group's customer base is diversified and includes one customer which amounted to approximately RMB188,580,000 (2021: one customer which amounted to approximately RMB189,488,000) with whom transactions have exceeded 10% of the Group revenues.

- (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 a 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.
- Lifestyle services: this segment provides community living services and community asset management services and online and offline retail services and catering services.
- Commercial operational services: this segment provides market research and positioning and tenant sourcing services and commercial operation services and commercial properties leasing.
- 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.

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 measured 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 <i>RMB'000</i>	Lifestyle services <i>RMB'000</i>	Commercial operational services <i>RMB'000</i>	Value-added services to non-property owners <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2022					
Segment revenue	<u>488,277</u>	<u>303,284</u>	<u>118,058</u>	<u>229,270</u>	<u>1,138,889</u>
Segment gross profits	<u>142,390</u>	<u>116,319</u>	<u>74,879</u>	<u>97,546</u>	431,134
Unallocated corporate expenses					<u>(164,714)</u>
Profit before taxation					<u><u>266,420</u></u>

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

4 OTHER NET (EXPENSES)/INCOME

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Government grants (<i>Note</i>)	2,260	5,602
Valuation losses on investment properties	(17,659)	(9,261)
Net losses on disposal of property, plant and equipment	(227)	(724)
Others	<u>8,478</u>	<u>5,648</u>
Total	<u><u>(7,148)</u></u>	<u><u>1,265</u></u>

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

5 PROFIT BEFORE TAXATION

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

(a) Finance income net

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest income from cash at bank and other financial institutions	24,446	8,844
Interest income from a related party	–	6
Interest on lease liabilities	(3,352)	(3,387)
Others	(1,589)	(1,444)
Total	19,505	4,019

(b) Staff costs

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Salaries, wages and other benefits	388,820	321,520
Contributions to defined contribution retirement plan	22,798	17,847
Total	411,618	339,367

(c) Other items

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Amortisation of intangible assets (<i>Note 9</i>)	8,862	2,799
Depreciation charge of property, plant and equipment	10,943	9,961
Expected credit loss on financial assets		
– Trade receivables (<i>Note 10</i>)	13,760	2,824
– Prepayments, deposits and other receivables	1,941	370
Auditor's remuneration	2,950	2,500
Listing expenses	–	24,317
Expenses relating to short-term leases	2,788	2,266

6 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:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current tax – PRC Corporate Income Tax		
Provision for the year	49,573	26,762
Deferred tax		
Origination and reversal of temporary differences	(4,763)	4,440
Withholding tax in connection with the retained profits to be distributed by a subsidiary of the Group	(669)	5,131
	44,141	36,333

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Profit before taxation	<u>266,420</u>	<u>202,212</u>
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned (<i>Note (i)</i>)	66,605	55,684
Effect of PRC preferential tax (<i>Notes (ii) and (iii)</i>)	(23,593)	(20,690)
Effect of non-deductible expenses	595	380
Effect of utilisation of tax losses previously not recognised	(581)	(317)
Effect of unrecognised tax losses	448	1,307
Others	<u>667</u>	<u>(31)</u>
Actual tax expense	<u>44,141</u>	<u>36,333</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 2022 (2021: 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 5% in certain years.

7 EARNINGS PER SHARE

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Profits		
Profit attributable to equity shareholders of the Company	<u>203,033</u>	<u>165,894</u>

	2022 '000	2021 '000
Number of shares		
Weighted average number of ordinary shares	<u>814,126</u>	<u>726,373</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 initial public offerings and over allotment option, 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 12, 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 2022 and 2021.

8 GOODWILL

Movements of goodwill during the year are as follows:

	Total RMB'000
Cost:	
At 1 January 2021, 31 December 2021 and 1 January 2022	–
Arising on acquisition of subsidiary (Note 13)	<u>133,415</u>
At 31 December 2022	<u>133,415</u>
Accumulated impairment loss:	
At 1 January 2021, 31 December 2021 and 31 December 2022	<u>–</u>
Carrying amount:	
At 31 December 2022	<u><u>133,415</u></u>
At 31 December 2021	<u><u>–</u></u>

During the year ended 31 December 2022, the Group acquired a property management company Chengdu Mingyu Global Business Management Co., Ltd. (成都明宇環球商業管理有限公司) (“**Chengdu Mingyu**”). Total identifiable net assets of Chengdu Mingyu on acquisition date amounted to approximately RMB102,055,000. The excess of the consideration and the amount of the non-controlling interests in Chengdu Mingyu over the fair value of the identifiable net assets acquired amounted to approximately RMB133,415,000 is recognised as goodwill.

Impairment of cash-generating units containing goodwill

For the purpose of impairment testing of goodwill, goodwill is allocated to a group of CGU (being subsidiary acquired in each acquisition, mainly in property service area). Such group of CGU represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Subsidiary in property service	<u>133,415</u>	<u>–</u>
	<u>133,415</u>	<u>–</u>

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 5% which is consistent with the forecasts included in industry reports. The growth rates used do not exceed the long-term average growth rates for the business in which the CGU operates. The cash flows are discounted using a discount rate of 13.69%. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

Based on the results of the above assessment, the Group determines that there is no impairment on goodwill as at 31 December 2022.

9 INTANGIBLE ASSETS

	Software <i>RMB'000</i>	Customer relationship <i>RMB'000</i>	Total <i>RMB'000</i>
Cost:			
At 1 January 2021	8,330	–	8,330
Purchased	<u>21,838</u>	<u>–</u>	<u>21,838</u>
At 31 December 2021	30,168	–	30,168
Arising on acquisition of subsidiary	–	63,700	63,700
Purchased	<u>35,654</u>	<u>–</u>	<u>35,654</u>
At 31 December 2022	<u>65,822</u>	<u>63,700</u>	<u>129,522</u>
Accumulated amortisation:			
At 1 January 2021	(2,531)	–	(2,531)
Charge for the year	<u>(2,799)</u>	<u>–</u>	<u>(2,799)</u>
At 31 December 2021	(5,330)	–	(5,330)
Charge for the year	<u>(4,084)</u>	<u>(4,778)</u>	<u>(8,862)</u>
At 31 December 2022	<u>(9,414)</u>	<u>(4,778)</u>	<u>(14,192)</u>
Net book value:			
At 31 December 2022	<u>56,408</u>	<u>58,922</u>	<u>115,330</u>
At 31 December 2021	<u>24,838</u>	<u>–</u>	<u>24,838</u>

The amortisation charge for the year is included in “administrative expenses” amounted to RMB8,650,000 (2021: RMB1,819,000) and “cost of sales” amounted to RMB212,000 (2021: RMB980,000) in the consolidated statement of profit or loss and other comprehensive income.

10 TRADE RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivables from related companies	106,678	49,833
Trade receivables from external customers	236,460	144,071
Less: Allowance for trade receivables	<u>(18,379)</u>	<u>(4,619)</u>
	<u>324,759</u>	<u>189,285</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:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 1 year	304,323	183,241
1 to 2 years	18,899	4,342
2 to 3 years	1,482	1,321
3 to 4 years	<u>55</u>	<u>381</u>
	<u>324,759</u>	<u>189,285</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:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
At 1 January	4,619	1,795
Expected credit loss recognised	<u>13,760</u>	<u>2,824</u>
At 31 December	<u>18,379</u>	<u>4,619</u>

11 TRADE PAYABLES

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 1 year	137,450	66,183
1 to 2 years	22,532	4,714
2 to 3 years	1,466	102
Over 3 years	<u>416</u>	<u>788</u>
	<u>161,864</u>	<u>71,787</u>

12 CAPITAL, RESERVES, DIVIDENDS AND NON-CONTROLLING INTERESTS

(a) Dividends

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

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Final dividend proposed after the end of the reporting period of RMB0.12 (2021: RMB0.071) per ordinary share	<u>97,695</u>	<u>58,058</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) Dividend of RMB58,058,000 have been declared and paid to the equity shareholders of the Company in 2022.

(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.

Issued share capital

Ordinary shares, Issued and fully paid

	<i>No. of shares</i>	<i>RMB</i>
At 1 January 2021	100	1
Issuance of shares	9,900	83
Capitalisation issue	599,990,000	4,967,557
Issuance of ordinary shares upon initial public offering	200,000,000	1,655,880
Partial exercise of over-allotment option	<u>14,126,000</u>	<u>117,455</u>
At 31 December 2021, 1 January 2022 and 31 December 2022	<u>814,126,000</u>	<u>6,740,976</u>

13 BUSINESS COMBINATIONS

In April 2022, the Group acquired 51% equity interest of Chengdu Mingyu from a third party and obtained control of Chengdu Mingyu. Chengdu Mingyu is engaged in the provision of property management services. The business combinations were made as part of the Group's strategy to expand its market share of property management operation in the PRC.

The following summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	<i>Note</i>	Fair Value <i>RMB'000</i>
Investment properties		25,600
Property and equipment		858
Intangible asset	<i>(i)</i>	63,835
Interests in associates		805
Deferred tax assets		414
Inventories		276
Prepayments, deposits and other receivables		13,767
Trade receivables		44,417
Cash and cash equivalents		11,833
Trade payables		(9,663)
Other payables and accruals		(25,978)
Contract liabilities		(8,953)
Current taxation		(2,765)
Lease liabilities		(564)
Deferred tax liabilities		(11,827)
		<hr/>
Total net identifiable assets acquired		102,055
Non-controlling interest	<i>(ii)</i>	(55,330)
		<hr/>
Fair value of net identified assets acquired, net of non-controlling interests		46,725
Goodwill		133,415
		<hr/>
Total consideration		<u>180,140</u>

Notes:

- (i) The Group recognises an intangible asset, being the identified customer relationships of approximately RMB63,700,000, after the acquisition. (Note 9).
- (ii) The Group recognises the non-controlling interests in the acquired entity at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Net cash outflow arising from the acquisition is as follows:

	<i>RMB'000</i>
Partial settlement of cash consideration	162,126
Less: cash of subsidiary acquired	<u>11,833</u>
	<u><u>150,293</u></u>

The Group incurred transaction costs of RMB814,000 for the acquisitions. These transaction costs have been expensed and included in administrative expense in the consolidated statement of profit or loss and other comprehensive income.

Included in the profit for the year ended 31 December 2022 was a net profit of RMB38,992,000 attributable to the business combinations of Chengdu Mingyu. Revenue of Chengdu Mingyu included in the Group's revenue for the year ended 31 December 2022 amounted to RMB117,499,000. If the business combinations had occurred on 1 January 2022, management estimates that consolidated revenue would have been RMB1,171,740,000, and consolidated profit for the year would have been RMB227,952,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of business combinations would have been the same if the business combinations had occurred on 1 January 2022.

14 MATERIAL RELATED PARTY TRANSACTIONS

(a) Significant related party transactions

The principal transactions which were carried out in the ordinary course of business are as follows:

Nature of related party	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<i>Provision of property management services and other services</i>		
– Companies controlled by the Ultimate Owners	220,319	192,759
– Associate of companies controlled by the Ultimate Owners	71,381	93,962
<i>Purchase of goods and receiving services and cost sharing</i>		
– Companies controlled by the Ultimate Owners	11,397	5,334
<i>Purchase of properties</i>		
– Companies controlled by the Ultimate Owners	–	12,189
<i>Interest income</i>		
– Companies controlled by the Ultimate Owners	–	6

(b) Balances with related parties

The outstanding balances arising from above transactions in the consolidated statement of financial position are as follows:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
<i>Trade receivables</i>		
– Companies controlled by the Ultimate Owners	106,678	49,833
<i>Trade payables</i>		
– Companies controlled by the Ultimate Owners	5,425	1,436
<i>Contract liabilities</i>		
– Companies controlled by the Ultimate Owners	12,619	36,666
<i>Amounts due to related companies</i>		
– Companies controlled by the Ultimate Owners	4,135	6,126

Amounts due to related parties as at 31 December 2022 are all trade nature, unsecured and interest-free.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

As a company that values sustainable development, New Hope Service further improved its service quality by leveraging continuously optimised service system, and managed steady and sound development amid the increasingly competitive property management industry with an ever-improving customer reputation. As at 31 December 2022, the Company was awarded “2022 Property Management Companies for Superior Service Capabilities in China (2022 年中國物企超級服務力)” and “2022 Property Management Companies in China in terms of Overall Strength (2022 中國物業企業綜合實力)” by EH Consulting and Jiahe Jiaye (億翰智庫•嘉和家業), ranking 20th (rising 14 places from last year) and 25th (rising 9 places from last year), respectively. Moreover, the Company won TOP30 out of “2022 TOP100 Property Management Companies in China (2022 中國物業服務百強企業)” from Beijing China Index Academy and ranked 15th out of “2022 Listed Property Management Companies with Outstanding Financial Performance (2022 物業服務上市企業卓越財務表現)” awarded by the Guandian Index Academy.

Looking back at 2022, it was a hard-won as China’s economy remained resilience, assailed by the increasingly triple pressure from shrinking demand, supply shock and weakening expectations resulted from sharper-than-expected internal and external factors such as the persistent COVID-19 pandemic, the Russia-Ukraine conflict and the downside cycle of the real estate sector. Amid the collision between strong expectations and weakening reality, New Hope Service, with the strong support of New Hope Group Co., Ltd.* and its subsidiaries (the “**New Hope Group**”), continued to concentrate efforts in its advantageous regions, highlighted services quality and implemented various measures while seeking steady progress, achieving high quality growth in its key performance. During the Reporting Period, the Group recorded revenue of approximately RMB1,139.0 million, representing an increase of 23.1% as compared to the same period last year. It achieved a profit attributable to the equity shareholders of the Company of RMB203.0 million, representing an increase of 8.8% from RMB186.6 million (excluding one-off listing expenses) for the same period last year. The Group continued to optimise its operational management and maintained a relatively high net profit margin, recording a net profit margin attributable to shareholders of 17.8% during the Reporting Period. At the same time, the Group reduced costs and increased efficiency through digital technology and built a digital operation system with market competitiveness and operational analysis capabilities, further reducing management fee rate and achieving a management fee rate of 13.9% during the Reporting Period, a decrease of 2.1% as compared to the same period last year (excluding one-off listing expenses).

The Group, focusing on its key advantageous regions, continued to strength and intensified its efforts in expanding to the Southwestern China region, with Chengdu-Chongqing metropolitan area as the core, and high-tier cities in the Eastern China region, achieving sustainable growth in management scale. As at 31 December 2022, the Group had projects in 33 cities in 14 provinces, autonomous regions and municipalities across China, with the gross floor area (the “**GFA**”) under management of 28,826,000 square metres (the “**sq.m.**”), representing an increase of 77.8% as compared to that for the same period last year, and contracted GFA of 36,149,000 sq.m., representing an increase of 37.0% as compared to that for the same period last year. Among them, the GFA under management by the Group in the Southwest China region was 15,943,000 sq.m. (representing an increase of 98.3% as compared to that for last year), accounting for 55.3% of the

total GFA under management, while the GFA under management in the Eastern China region was 9,212,000 sq.m. (representing an increase of 59.2% as compared to that for last year), accounting for 32.0% of the total GFA under management. The Group continued to strengthen its market expansion capabilities, with customer structure constantly improved and a record high proportion of the GFA from independent third parties to the total GFA, further enhancing its independence. During the Reporting Period, the GFA under management from independent third-party developers accounted for 46.5% of the total GFA under management, representing an increase of 188.5% as compared to that for the same period last year. The GFA under management from New Hope Wuxin Industrial Group Co., Ltd.* (“**New Hope Wuxin Industrial**”) (新希望五新實業集團有限公司) (together with its subsidiaries, associates and joint ventures “**New Hope Wuxin Industrial Group**”) (formerly known as Sichuan New Hope Property Development Co., Ltd.* (四川新希望房地產開發有限公司)) accounted for 52.2% of the total GFA under management, representing a decrease of 17.5% as compared to that for the same period last year. Based on the strategy of deepening regional development and sticking to maintain the quality of its external projects, the Group recorded the average management fee per sq.m. of RMB3.04 during the Reporting Period.

Business Model of the Group

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

Property Management Services

The property management services is the basic and core business of the Group. Focusing on the corporate vision of “Happiness, make it everyday”, the Group expanded the services across the nation while rooting in Chengdu with the GFA under management reached a record high. The table below sets forth a breakdown of the growth in total GFA under management and contracted GFA of the Group:

	As at 31 December 2022	As at 31 December 2021	Growth rate
Number of properties under management	191	104	83.7%
Number of properties the Group was contracted to manage	235	160	46.9%
GFA under management (0'000 sq.m.)	2,882.6	1,620.9	77.8%
Contracted GFA (0'000 sq.m.)	3,614.9	2,638.0	37.0%

Among the newly contracted GFA of the Group in 2022, the GFA obtained from independent third parties through market-oriented expansion is more than those obtained from New Hope Wuxin Industrial Group, while the former were translated into the GFA under management of the Group immediately after entering into engagement. Given the above, the growth of the Group’s contracted GFA is lower than that of the GFA under management.

Adhering to the Strategy of Regional Cultivation

The Group focused on areas where it enjoys core competitiveness and increased efforts spent in Southwestern China region in particular Chengdu-Chongqing urban agglomeration, and Eastern China region for constant growth. As at 31 December 2022, the aggregate GFA under management of the Group in Southwestern China region and Eastern China region accounted for 87.3% of the total GFA under management, representing an increase of 2% over the previous year, of which the GFA under management in Southwestern China region increased by 98.3% year on year over the previous year, mainly attributable to (i) the Group completed the acquisition of Chengdu Mingyu Global Business Management Co., Ltd.* (成都明宇環球商業管理有限公司) (“**Chengdu Mingyu**”) on 11 April 2022; (ii) the Group determined the strategy of regional cultivation, resulting the newly added GFA under management in Chengdu-Chongqing urban agglomeration accounting for 45.7% of the total for the Reporting Period, representing a year-on-year increase of 127.2%. 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 at 31 December 2022		As at 31 December 2021		Growth rate
	GFA under management (0'000 sq.m.)	Percentage	GFA under management (0'000 sq.m.)	Percentage	
Southwestern China region	1,594.3	55.3%	803.8	49.6%	98.3%
Eastern China region	921.2	32.0%	578.5	35.7%	59.2%
Southern China region	199.7	6.9%	172.5	10.6%	15.8%
Northern China region	131.0	4.5%	66.1	4.1%	98.2%
Central China region	36.4	1.3%	/	/	/
Total	<u>2,882.6</u>	<u>100.0%</u>	<u>1,620.9</u>	<u>100.0%</u>	<u>77.8%</u>

Increasing Independence

During the Reporting Period, the Group expanded market through multiple channels such as mergers and acquisitions, bidding, strategic cooperation and establishing joint ventures, thereby, the Group further improved its capabilities in market expansion and independence. The GFA under management from independent third-party developers of the Group was 13.4 million sq.m. as at 31 December 2022, accounting for 46.5% of the total GFA under management and representing an increase of 188.5% over the same period last year. Meanwhile, the newly obtained GFA under management of the Group from independent third parties accounted for approximately 69.4% of the total newly obtained GFA under management. The following table sets out the details of the growth in GFA under management of property management projects acquired by the Group through market expansion:

GFA under management from independent third-party developers	As at 31 December 2022		As at 31 December 2021		Growth rate
	GFA	Percentage	GFA	Percentage	
Market expansion	1,017.5	75.9%	464.8	100%	118.9%
Mergers and acquisitions	323.3	24.1%	0	0	N/A
Total	<u>1,340.8</u>	<u>100%</u>	<u>464.8</u>	<u>100%</u>	<u>188.5%</u>

Meanwhile, the Group has a long and close business relationship with New Hope Group. The rapid growth of business development of New Hope Group, especially the steady growth of New Hope Wuxin Industrial, guaranteed the sustainable development of the Group in terms of GFA under management and generated huge potential market for the Group's value-added services and technology application businesses. During the Reporting Period, among the newly obtained GFA under management of the Group, there was over 3.5 million sq.m. from New Hope Wuxin Industrial and its associates and joint ventures, accounting for approximately 30% of the total obtained GFA under management of the Group. The table below sets forth a breakdown of GFA under management and revenue of the Group by type of property developer:

Type of property developer	As at 31 December 2022				As at 31 December 2021			
	GFA under management (sq.m. 0'000)	%	Revenue (RMB'000)	%	GFA under management (sq.m. 0'000)	%	Revenue (RMB'000)	%
New Hope Wuxin Industrial ⁽¹⁾	1,092.2	37.9	233,781	47.8	856.5	52.8	209,794	66.1
Joint ventures or associates of New Hope Wuxin Industrial Group ⁽²⁾	412.8	14.3	53,035	10.9	273.5	16.9	47,633	15.0
Associates of our ultimate controlling shareholders ⁽³⁾	36.8	1.3	25,393	5.2	26.1	1.6	18,298	5.8
Independent third parties	<u>1,340.8</u>	<u>46.5</u>	<u>176,068</u>	<u>36.1</u>	<u>464.8</u>	<u>28.7</u>	<u>41,530</u>	<u>13.1</u>
Total	<u>2,882.6</u>	<u>100.0</u>	<u>488,277</u>	<u>100.0</u>	<u>1,620.9</u>	<u>100.0</u>	<u>317,255</u>	<u>100.0</u>

Notes:

- (1) Refer to properties solely developed by New Hope Wuxin Industrial Group, as well as properties jointly developed by New Hope Wuxin Industrial Group and other property developers in which New Hope Wuxin Industrial Group held a controlling interest.
- (2) Refer to properties developed by joint ventures or associates of New Hope Wuxin Industrial Group (New Hope Wuxin Industrial Group does not hold a controlling interest in these properties).
- (3) 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).

Focused on first-tier, new first-tier and second-tier cities

As at 31 December 2022, the property projects served by the Group had covered 14 provinces, autonomous regions and municipalities in China, with focus on deployment and development of high-tier-ranking cities. During the Reporting Period, GFA under management of the Group located in first-tier, new first-tier and second-tier cities in China accounted for over 90% of its total GFA under management. 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 31 December 2022				As at 31 December 2021			
	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⁾	5	23.1	11,083	2.3	3	14.7	8,312	2.6
New first-tier cities ⁽²⁾	87	1,253.0	211,393	43.3	50	704.8	144,280	45.5
Second-tier cities ⁽³⁾	80	1,319.7	235,427	48.2	47	793.5	161,948	51.0
Others	19	286.8	30,374	6.2	4	107.9	2,715	0.9
Total	191	2,882.6	488,277	100.0	104	1,620.9	317,255	100.0

Notes:

- (1) First-tier cities in which we provide property management services include 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) Others in which we provide property management services include Liuzhou.

More optimized format structure

From the perspective of the GFA under management of each property business, while continuing to expand the residential business, New Hope Service also actively stepped into the non-residential business by improving service quality in the non-residential business and continuously promoting the diversification of property management service types, and covered residential, schools, hospitals, financial institutions, commercial complexes, office buildings, government facilities, industrial parks, park venues, transportation facilities, staff passages of hotels, property sales venues, mixed-use property and other diversified formats. During the Reporting Period, the Group's GFA under management in residential business amounted to 18.3 million sq.m., accounting for 63.5% of the total; the GFA under management in non-residential business amounted to 10.5 million sq.m., accounting for 36.5% of the total, representing a year-on-year increase of 3.7%. The revenue from non-residential business increased by 27.8% year on year to RMB213.1 million.

Format type	As at 31 December 2022				As at 31 December 2021			
	GFA under management (sq.m. 0'000)	%	Revenue (RMB'000)	%	GFA under management (sq.m. 0'000)	%	Revenue (RMB'000)	%
Residential	1,831.1	63.5	275,209	56.4	1,089.5	67.2	150,556	47.5
Non-residential								
– Commercial properties	545.5	18.9	165,614	33.9	363.9	22.5	81,635	25.7
– Other types of non-residential properties	506.0	17.6	47,454	9.7	167.5	10.3	85,064	26.8
Total	<u>2,882.6</u>	<u>100</u>	<u>488,277</u>	<u>100</u>	<u>1,620.9</u>	<u>100</u>	<u>317,255</u>	<u>100</u>

Lifestyle services

Relying on the industrial background of New Hope Group, New Hope Service, with its own customer access attributes, connected various business segments of New Hope Group through its lifestyle services business. Lifestyle services are an important source of revenue for the Group. The Group's lifestyle services comprise (i) community living services; (ii) community asset management services, including carpark related services and property agency services; and (iii) online and offline retail services and catering services. During the Reporting Period, the Group achieved revenue of RMB303.3 million from the lifestyle services segment, representing an increase of 19.6% over last year. Community living services and community asset management services declined slightly year-on-year due to the downside cycle of real estate and the domestic pandemic control policy. However, the Group achieved revenue of RMB106.3 million from online and offline retail services and catering services, representing a year-on-year increase of 110.3%, by leveraging on the good market reputation of New Hope Group and the advantage of focusing on C- and B-end customers. The following table sets forth a breakdown of our revenue from lifestyle services:

	As at 31 December 2022		As at 31 December 2021		Growth rate %
	Revenue (RMB'000)	Percentage	Revenue (RMB'000)	Percentage	
Community living services	156,661	51.7%	160,063	63.2%	-2.1
Community asset management services	40,281	13.3%	42,910	16.9%	-6.1
Online and offline retail services and catering services	106,342	35.0%	50,573	19.9%	110.3
Total	<u>303,284</u>	<u>100.0%</u>	<u>253,546</u>	<u>100.0%</u>	<u>19.6</u>

Steady growth of non-cyclical businesses

During the Reporting Period, the growth in the lifestyle services segment was mainly attributable to the steady growth of non-cyclical businesses, in which the group meal business and online and offline retail services boosted the lifestyle services significantly with a significant increase in revenue.

Online and offline retail services

Backed by the Fortune Global 500 New Hope Group and based on its advantages in supply chain, brand name and product categories, the Group deeply integrated its products from various segments with New Hope Service according to the needs of residents for “food, housing, transportation, travel and shopping” under the framework of its supply chain system and food safety system. Through the Hope Cloud online platform and various offline community consumption scenarios, the Group was able to increase the penetration and repeat purchase rate of New Hope products for C- and B-end customers. During the Reporting Period, the number of our new retail SKUs exceeded 2,000, of which 60% were products of New Hope Group, mainly including meat, egg and milk products with high repurchase rates from New Hope Liuhe, New Hope Dairy and Grass Green Group, which are needed by residents, as well as hot pot bases and condiments with Chengdu’s characteristics. By increasing the share of New Hope Group products in our new retail business, the Group can effectively leverage the brand advantages of New Hope Group to achieve higher profit margins for the Group.

Catering services

The Group built up a new foodism team to engage in the group meal business in 2020. After three years of development, new foodism has grown from 3 projects in 2020 to 14 projects by the end of 2022, covering medical institutions, schools, offices, large corporate parks, etc. As for this business, the Group provided a full range of services including “full-commissioning services, labor services, meal preparation services and ingredient delivery services”, providing customers with “property + group meal” integrated logistic services.

Centralized supply chain

On 24 May 2022, the Group and New Hope Holdings Group Co., Ltd.* (新希望控股集團有限公司) entered into a centralized supply chain service framework agreement and provided New Hope Holdings and its subsidiaries and associates with centralized supply chain services. Based on this, the Group transformed its supply chain business digitally from traditional procurement business to “supply chain + internet platform services” and from “agency purchase” to “services”, so as to reduce costs and enhance efficiency. The Group also successfully launched the centralized procurement mall on 30 September 2022 and completed the coverage of major segments of New Hope Group (460 companies in total) in the fourth quarter.

Community living services

Due to the domestic COVID-19 pandemic, community living services were promoted in a difficult situation in 2022. Facing unexpected resurgence of COVID-19 pandemic, the Group has proactively responded to market changes by upgrading the management model and enhancing our business management density, so as to effectively reduce the impact of pandemic lockdown and control measures on the Group’s business. In the meantime, we continued to extend the service boundaries of community space business through integrating the online and offline resources of communities (including bazaar activities, marketing activities, advertising, etc.) except for the lockdown period. During the Reporting Period, the Group recorded revenue of RMB156.7 million from community living services, representing a slight decrease of 2.1% as compared to the same period last year.

Commercial operational services

Amid the downturn cycle of the real estate industry, the increment in the industry slowed down. The ever-changing market has urged us to take the initiative in iteratively upgrading the product planning and design, upgrading scenes and consumer experience and improving our operational strength. The Group provides commercial operational services to commercial properties, covering specialty markets, commercial blocks, industrial parks, office buildings and other consumption scenarios, with service contents mainly including market research and positioning and tenant sourcing services, commercial operational services and commercial properties leasing. In 2022, the Group managed 13 commercial projects in 6 cities across the country. Due to the impact of domestic dynamic zero-COVID policy and high temperature in southwestern China region in 2022, during the Reporting Period, the revenue of commercial operation segment amounted to RMB118.1 million, representing a decrease of 1.9% 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:

	As at 31 December 2022		As at 31 December 2021		Growth rate
	Revenue (RMB'000)	Percentage	Revenue (RMB'000)	Percentage	
Commercial management service income	95,501	80.9%	85,979	71.4%	11.1%
Rental income	20,387	17.3%	20,623	17.2%	-1.1%
Market research and positioning and opening preparation services	2,170	1.8%	13,776	11.4%	-84.2%
Total	<u>118,058</u>	<u>100.0%</u>	<u>120,378</u>	<u>100.0%</u>	<u>-1.9%</u>

Value-added services to non-property owners

We also provide a series of value-added services to non-property owners, mainly for development projects of New Hope Wuxin Industrial. Our value-added services to non-property owners include (i) sales office 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. Affected by the downturn cycle of the real estate industry, during the Reporting Period, the Group's revenue from value-added services to non-property owners amounted to RMB229.3 million, decreased by 1.9% compared with the same period of last year. Meanwhile, thanks to the continuous optimization of the Group's revenue structure, the percentage of value-added services to non-property owners in the total revenue of the Group decreased by 5.1% compared with the same period of last year, which further enhanced the Group's independence. The following table sets forth a breakdown of our revenue from value-added services to non-property owners during the periods indicated:

	As at 31 December 2022		As at 31 December 2021		Growth rate
	Revenue (RMB'000)	Percentage	Revenue (RMB'000)	Percentage	
On-site management services	94,926	41.4%	112,979	48.3%	-16.0%
Preliminary planning and design consultation, pre-delivery and repair and maintenance services	100,939	44.0%	88,036	37.7%	14.7%
Other services	33,405	14.6%	32,776	14.0%	1.9%
Total	<u>229,270</u>	<u>100.0%</u>	<u>233,791</u>	<u>100.0%</u>	<u>-1.9%</u>

PROSPECTS

Stride forward with Quality Services and Solid Development

For a property management company, it shall clearly see the fact that as its environment evolves, the industry has shifted development goal from scale-guided expansion to quality-guided growth, which means attaining quality development carries more weight. A company shall pursue quality development based on its service capabilities, and to achieve outstanding service capabilities, it shall have high collection ratio, high renewal ratio and high satisfaction. In the future, we will continue to strengthen services capabilities, stick to services quality, and continuously acquire ideal market expansion projects with great services. Meanwhile, we will pay attention to good M&A targets in the market in order to achieve scale expansion of high quality.

Join Hands with Hope to Serve Lifestyle

In recent years, with the continuous introduction of property-related policies, on one hand, property's lifestyle attribute was emphasized from the policy side, and on the other hand, property management companies were offered more standardized development guidelines. For property management companies, their property management work shall start from and end at giving residents a happy experience. In the future, while guaranteeing service quality and refining and furthering property management services, we will facilitate our connection with New Hope Group, drill down into New Hope's brand strengths in lifestyle, and explore product supply and cooperation opportunities with companies including 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 Grass Green Group (草根知本集團) in order to offer our clients diversified comprehensive solutions for lifestyle services such as "property + group meal, property + retail, property + centralized purchase" and effectively provide "property services + living services".

Plow Profoundly in Livable Chengdu

As of 2022, Chengdu, as a new tier-1 city and a national central city in the western region, has a permanent resident population of over 21 million, and a property management market stock of over 630 million square meters. New Hope Group, as a Global 500 enterprise based in Chengdu, has not only being a well-known brand but also established harmonious government-enterprise relationships with various governments at the district and county levels. Leveraging on New Hope Group's support and as a only group company equipped with services capacities of "property + commercial + living services and group meal" in Chengdu, the Company's future move will be making fully use of the development opportunity posed by Chengdu's new-type urbanization, focusing on the greater Chengdu market, exploring in the city, giving full play to core resources, optimizing New Hope Group's brand influence in Chengdu region, and driving high quality development across all of our business segments.

FINANCIAL REVIEW

Revenue

The Group's revenue primarily generated from four business lines: (i) property management services; (ii) lifestyle services; (iii) commercial operational services; and (iv) value-added services to non-property owners. The Group's revenue increased by RMB214.0 million or approximately 23.1% to RMB1,139.0 million for the year ended 31 December 2022 from RMB925.0 million for the year ended 31 December 2021, which was primarily attributable to (i) the increase in revenue from property management service arising from the increase in the GFA under management of the Group; and (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			
	2022		2021	
	<i>Percentage</i>		<i>Percentage</i>	
	<i>of total</i>		<i>of total</i>	
	<i>revenue %</i>		<i>revenue %</i>	
	<i>(RMB'000)</i>		<i>(RMB'000)</i>	
Property management services	488,277	42.9	317,255	34.3
Lifestyle services	303,284	26.6	253,546	27.4
Commercial operational services	118,058	10.4	120,378	13.0
Value-added services to non-property owners	229,270	20.1	233,791	25.3
Total	<u>1,138,889</u>	<u>100</u>	<u>924,970</u>	<u>100</u>

The property management services are our largest source of revenue. For the year ended 31 December 2022, the revenue from property management services was RMB488.3 million, accounting for 42.9% of the Group's total revenue. The increase in revenue was primarily due to the increased revenue from property management services driven by the increase of GFA under management of the Group from 16.21 million sq.m. as at 31 December 2021 to 28.83 million sq.m. as at 31 December 2022. The increase in GFA under management was mainly due to (i) the continuous delivery of properties developed by New Hope Wuxin Industrial Group to us for management during the Reporting Period; (ii) the Group's expansion in the independent third-party markets; (iii) the completion of the acquisition of Chengdu Mingyu.

The revenue from lifestyle services increased by 19.6% from approximately RMB253.5 million, representing 27.4% of total revenue of the Group for the year ended 31 December 2021 to approximately RMB303.3 million, representing 26.6% of total revenue of the Group for the year ended 31 December 2022. Among which:

- (1) The revenue from community living services decreased by 2.1% from RMB160.1 million for the year ended 31 December 2021 to RMB156.7 million for the year ended 31 December 2022, which was mainly due to a contraction in the Group's advertising and events organization business.
- (2) The revenue from community asset management services decreased by 6.1% from RMB42.9 million for the year ended 31 December 2021 to RMB40.3 million for the year ended 31 December 2022, which was mainly due to the decline in the revenue from carpark and community space services given the impact of COVID-19 pandemic.
- (3) The revenue from online and offline retail services and catering services increased by 110.3% from RMB50.6 million for the year ended 31 December 2021 to RMB106.3 million for the year ended 31 December 2022, which was mainly due to the Group's active expansion of its lifestyle services business during the Reporting Period, in particular, the increase in group meals and the increasing density of new retail business, which resulted in the increase in revenue from online and offline retail services and catering services.

The revenue from value-added services to non-property owners decreased by 1.9% from approximately RMB233.8 million for year ended 31 December 2021 to approximately RMB229.3 million for the year ended 31 December 2022, which was mainly due to the decrease in revenue from property sale offices services as a result of the lower property sale offices undertaken during the Reporting Period.

The revenue from commercial operational services decreased by 1.9% from RMB120.4 million for the year ended 31 December 2021 to RMB118.1 million for the year ended 31 December 2022, which was mainly due to the decrease in revenue from the market research and positioning services as a result of the lower commercial project delivery by the Group during the Reporting Period.

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 2022, the total cost of sales of the Group was approximately RMB707.8 million, which increased by approximately RMB159.5 million or approximately 29.1% as compared to approximately RMB548.3 million for the same period of 2021. 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 RMB54.4 million or 14.5% to RMB431.1 million for the year ended 31 December 2022 from RMB376.7 million for the year ended 31 December 2021.

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			
	2022		2021	
Type	<i>(RMB'000)</i>	<i>Gross profit margin %</i>	<i>(RMB'000)</i>	<i>Gross profit margin %</i>
Property management services	142,390	29.2	95,647	30.1
Lifestyle services	116,319	38.4	106,170	41.9
Commercial operational services	74,879	63.4	75,086	62.4
Value-added services to non-property owners	97,546	42.5	99,787	42.7
Total	<u>431,134</u>	<u>37.9</u>	<u>376,690</u>	<u>40.7</u>

For the year ended 31 December 2022, the gross profit margin of the Group decreased by 2.8 percentage points as compared with the corresponding period last year.

Our gross profit margin of property management services decreased by 0.9%, primarily due to the increase in the Group's external expansion projects during the Reporting Period.

Our gross profit margin of value-added services to non-property owners decreased by 0.2%, which remained stable compared with corresponding period last year.

Our gross profit margin of commercial operational services increased by 1%, primarily due to the improvement in management.

Our gross profit margin of lifestyle services decreased by 3.5%, primarily due to the increase in the proportion of revenue from online and offline retail services and catering services, which have relatively lower gross profit margin in the lifestyle services.

Other Net (Expense)/Income

The other net income of the Group decreased by RMB8.4 million or 646.2% to a loss of RMB7.1 million for the year ended 31 December 2022 from RMB1.3 million for the year ended 31 December 2021, 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) tax expenses; and (vi) 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 RMB158.4 million for the year ended 31 December 2022, which decreased by approximately RMB14.1 million or approximately 8.2% as compared to approximately RMB172.5 million for the year ended 31 December 2021. Such decrease was mainly attributable to (i) no listing related expenses incurred during the Reporting Period; and (ii) the improvement in management.

Selling Expenses

The selling expenses of the Group decreased by RMB0.3 million or 7.7% to RMB3.6 million for the year ended 31 December 2022 from RMB3.9 million for the year ended 31 December 2021, which basically remained stable compared with corresponding period last year.

Finance Income, Net

The net financial income of the Group increased by RMB15.5 million or 387.5% to RMB19.5 million for the year ended 31 December 2022 from RMB4.0 million for the year ended 31 December 2021, mainly due to increase in the interest income generated from fundraising.

Income Tax Expense

For the year ended 31 December 2022, the income tax of the Group was approximately RMB44.1 million (for the year ended 31 December 2021: RMB36.3 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 RMB56.4 million or approximately 34.0% to approximately RMB222.3 million for the year ended 31 December 2022 from approximately RMB165.9 million for the year ended 31 December 2021.

The net profit excluded the listing expenses of the Group increased by approximately RMB35.7 million or approximately 19.1% to approximately RMB222.3 million for the year ended 31 December 2022 from approximately RMB186.6 million for the year ended 31 December 2021.

Core Net Profit Attributable to Owners of the Parent

The profit attributable to shareholders of the Company excluding listing expenses increased by approximately 8.8% to approximately RMB203.0 million for the year ended 31 December 2022 from approximately RMB186.6 million for the year ended 31 December 2021.

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. As at 31 December 2022, the Group's property, plant and equipment was approximately RMB14.0 million, an increase by approximately RMB0.4 million from approximately RMB13.6 million as at 31 December 2021, mainly due to the growth in business and the acquisition of Chengdu Mingyu during the Reporting Period.

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 2022 amounted to approximately RMB324.8 million, representing an increase of approximately RMB135.5 million or 71.6% as compared to approximately RMB189.3 million as at 31 December 2021, which was mainly due to (i) the growth in business; and (ii) the acquisition of Chengdu Mingyu.

Prepayments, Deposits and Other Receivables

Prepayment, deposits and other receivables increased by 39.5% from RMB56.5 million as at 31 December 2021 to RMB78.8 million as at 31 December 2022, primarily because the development of our business and the payment for informatization construction had not been carried over to intangible assets.

Trade Payables

The Group's trade payables as at 31 December 2022 amounted to approximately RMB161.9 million, representing an increase of approximately RMB90.1 million or 125.5% as compared to approximately RMB71.8 million as at 31 December 2021, mainly due to the development of our business.

Other Payables and Accruals

Other payables and accruals increased by 19.9% from RMB186.6 million as at 31 December 2021 to RMB223.7 million as at 31 December 2022, primarily due to (i) the increase in the amount due to Chengdu Mingyu for the merger and acquisition; and (ii) the increase in the amount of deposits and security deposits received as a result of our business development.

Financial Position and Capital Structure

For the year ended 31 December 2022, the Group maintained a sound financial position.

As at 31 December 2022, the Group's current ratio (current assets/current liabilities) was 2.5 times (31 December 2021: 2.9 times) and net gearing ratio indicated a net cash status (31 December 2021: 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 2022 and 31 December 2021, the Group did not have any outstanding interest-bearing borrowings.

Pledge of Assets

As at 31 December 2022, none of the assets of the Group were pledged (31 December 2021: Nil).

Contingent Liabilities

As at 31 December 2022, the Group did not have any material contingent liabilities (31 December 2021: 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 2022, among the Group's cash and bank balances, RMB0.3 million were denominated in Hong Kong dollars and US 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

On 11 April 2022, the Group purchased 51% equity interest in Chengdu Mingyu at a consideration of RMB180.1 million by entering into an agreement for the sale and purchase of equity in order to expand the scale and scope of the Group's business. For further details, please refer to the announcement of the Company dated 11 April 2022.

Save as disclosed above, 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 OF CAPITAL ASSETS

The Group intends to utilise the net proceeds from the Listing (as defined below) in accordance with the section headed "Future Plans and Use of Proceeds" in the prospectus (the "**Prospectus**") of the Company dated 11 May 2021 and the announcement of the Company dated 25 May 2022. 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 of 31 December 2022.

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 2022.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2022, the Group had approximately 4,031 employees (31 December 2021: 3,162 employees). During the Reporting Period, the total staff costs were approximately RMB411.6 million (for the year ended 31 December 2021: approximately RMB339.4 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 (the “**Shares**”) of the Company were listed (the “**Listing**”) 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 Company's announcement dated 15 June 2021. 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). The Group continues to expand its 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 through market expansion, persisting in seeking investment opportunities and developing its lifestyle services. Given the above considerations and the following reasons, in order to enhance the use efficiency of the funds raised, capture market opportunities for business development in a timely manner, and strike a more reasonable balance in the use of funds, the Board resolved to change the proposed use of such proceeds on 25 May 2022. As set out in the announcement of the Company dated 25 May 2022, the sub-categories under “strategic acquisition and investment” were consolidated and HK\$79 million and HK\$39.5 million originally allocated for “strategic acquisition and investment” were re-allocated to a new category of “development of lifestyle services” and an existing category of “working capital”, respectively. As at 31 December 2022, an analysis of the utilisation of net proceeds from the Listing is as follows:

Major categories	Sub-categories	Amount (HK\$ in million)	% of total proceeds	Unutilised	Actual	Unutilised	Estimated utilisation plan
				amount as at 1 January 2022 (HK\$ in million)	utilised during the year ended 31 December 2022 (HK\$ in million)	Amount as at 31 December 2022 (HK\$ in million)	
Strategic acquisition and investment		434.5	55.0%	434.5	5.5	429.0	On or before 31 December 2023
Upgrade information system and equipment	Middleground system	23.7	3.0%	21.3	4.2	17.1	On or before 31 December 2023
	Property management support system	2.4	0.3%	2.0	1.0	1.0	On or before 31 December 2023
	Lifestyle service support system	15.0	1.9%	9.2	1.1	8.1	On or before 31 December 2023
	Corporate infrastructural operation system	11.1	1.4%	9.3	7.0	2.3	On or before 31 December 2023
	Intelligent community pilot projects	42.6	5.4%	41.9	11.7	30.2	On or before 31 December 2023
	Human resources to support information technology upgrades	23.7	3.0%	23.7	12.5	11.2	On or before 31 December 2023
Talent recruitment and team building		39.5	5.0%	39.5	38.0	1.5	On or before 31 December 2023
Development of lifestyle services		79.0	10.0%	79.0	41.6	37.4	On or before 31 December 2023
Working capital		118.5	15.0%	67.8	43.9	23.9	On or before 31 December 2023
Total		790.0	100%	728.2	166.5	561.7	

The remaining net proceeds raised from the 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

The Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company from 1 January 2022 up to the date of this announcement.

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 Part 2 of Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (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 during the year ended of 31 December 2022. 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 for the year ended 31 December 2022.

ANNUAL GENERAL MEETING

The annual general meeting (the “**Annual General Meeting**”) of the Company for the year of 2022 is scheduled to be convened and held on Friday, 16 June 2023. 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 the Company’s final dividend of RMB0.12 (for the year ended 31 December 2021: RMB0.071) per Share for the year ended 31 December 2022 in cash (the “**Final Dividend**”), which shall be subject to approval of the shareholders of the Company (the “**Shareholders**”) at the Annual General Meeting. If the resolution for the proposed Final Dividend is passed at the Annual General Meeting, the Final Dividend is expected to be paid on or before Thursday, 6 July 2023 to the Shareholders whose names appear on the register of members of the Company on Tuesday, 27 June 2023. 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 Tuesday, 13 June 2023 to Friday, 16 June 2023 (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 Monday, 12 June 2023.

For the purpose of ascertaining Shareholders' entitlement to the Final Dividend, the register of members of the Company will be closed from Friday, 23 June 2023 to Tuesday, 27 June 2023 (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 Wednesday, 21 June 2023.

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 2022 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 2022.

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 2022 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 2022 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
Mr. Jiang Mengjun
Chairman

Hong Kong, 22 March 2023

As at the date of this announcement, the Board comprises Ms. Wu Min (Co-chairman of the Board) and Ms. Chen Jing as executive directors, Mr. Jiang Mengjun (Chairman of the Board), Mr. Liu Xu, Ms. Zhang Wei and Mr. Dong Li as non-executive directors and Mr. Cao Qilin, Mr. Kong Chi Mo and Mr. Li Zhengguo as independent non-executive directors.

* *for identification purpose only*