The following is the text of a report set out on pages I – 1 to I – 66, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

KPMG

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF HOLLWIN URBAN OPERATION SERVICE GROUP CO., LTD AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of Hollwin Urban Operation Service Group Co., Ltd (the "Company") and its subsidiaries (together, the "Group") set out on pages I – 3 to I – 66, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2021, 2022 and 2023 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows, for each of the years ended 31 December 2021, 2022 and 2023 (the "Relevant Periods"), and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I – 3 to I – 66 forms an integral part of this report, which has been prepared for inclusion in the [**REDACTED**] of the Company dated [date] (the "[**REDACTED**]") in connection with the [**REDACTED**] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Group's and the Company's financial position as at 31 December 2021, 2022 and 2023 and of the Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

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

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I – 3 have been made.

Dividends

We refer to Note 25(d) to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

[Date]

HISTORICAL FINANCIAL INFORMATION

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

The consolidated financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by KPMG Huazhen LLP Changsha Branch in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi)

	Note	Years ended 31 December 2021	2022	2023
		RMB'000	*RMB'000*	*RMB'000*
Revenue	*4*	431,653	528,523	651,875
Cost of sales		(324,347)	(406,976)	(500,044)
Gross profit		107,306	121,547	151,831
Other net income	*5(e)*	8	3,790	2,184
Selling expenses		(4,717)	(4,454)	(4,742)
Administrative expenses		(42,324)	(43,744)	(53,391)
Expected credit loss		(11,920)	(10,758)	(7,266)
Profit from operations		48,353	66,381	88,616
Share of profits less losses of an associate and joint ventures	*13/14*	4,646	3,092	2,178
Finance income	*5(a)*	1,180	1,221	2,212
Finance costs	*5(b)*	(1)	(8)	(6)
Profit before taxation		54,178	70,686	93,000
Income tax	*6*	(13,337)	(17,090)	(22,822)
Profit and total comprehensive income for the year		40,841	53,596	70,178
Attributable to:				
Equity shareholders of the Company		40,400	53,095	70,178
Non-controlling interests		441	501	–
		40,841	53,596	70,178
Earnings per share (RMB)				
Basic and diluted	*9*	0.34	0.44	0.58

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Renminbi)

	Note	As at 31 December **2021** *RMB'000*	**2022** *RMB'000*	**2023** *RMB'000*
Non-current assets				
Investment properties	*10*	11,133	–	–
Property, plant and equipment	*11(a)*	23,557	16,068	17,971
Intangible assets	*12*	198	98	83
Investments in joint ventures	*13*	8,785	11,060	13,080
Investment in an associate	*14*	14,046	11,222	11,039
Deferred tax assets	*24(b)*	5,165	7,302	10,235
Prepayments for acquisition of non-current assets		–	–	1,426
		62,884	45,750	53,834
Current assets				
Inventories	*16*	2,426	3,202	4,152
Contract assets	*20*	88,143	157,286	249,703
Prepayments, trade and other receivables	*17*	172,905	208,786	127,616
Restricted bank deposits	*18*	288	619	4,579
Cash and cash equivalents	*18*	129,927	123,822	210,210
		393,689	493,715	596,260
Current liabilities				
Trade and other payables	*19*	261,907	309,668	359,698
Contract liabilities	*20*	24,543	13,637	18,475
Lease liabilities	*21*	40	148	30
Provisions	*22*	702	–	–
Current taxation	*24(a)*	25,466	30,306	13,905
		312,658	353,759	392,108
Net current assets		81,031	139,956	204,152
Total assets less current liabilities		143,915	185,706	257,986
Non-current liabilities				
Lease liabilities	*21*	–	30	–
Deferred income	*23*	–	–	2,132
		–	30	2,132
NET ASSETS		143,915	185,676	255,854
CAPITAL AND RESERVES	*25*			
Paid-in capital/share capital	*25(a)*	10,000	120,000	120,000
Reserves	*25(c)*	132,312	65,676	135,854
Total equity attributable to equity shareholders of the Company		142,312	185,676	255,854
Non-controlling interests	*25(e)*	1,603	–	–
TOTAL EQUITY		143,915	185,676	255,854

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in Renminbi)

	Note	As at 31 December 2021 RMB'000	2022 RMB'000	2023 RMB'000
Non-current assets				
Property, plant and equipment	*11(a)*	17,892	13,601	12,591
Investments in joint ventures	*13*	8,785	11,060	13,080
Investments in subsidiaries	*15*	14,116	87,886	87,886
Deferred tax assets		3,330	4,787	5,291
Prepayments for acquisition of non-current assets		–	–	1,426
		44,123	117,334	120,274
Current assets				
Inventories		1,366	3,202	4,152
Contract assets	*20*	29,349	43,433	46,757
Prepayments, trade and other receivables	*17*	64,038	105,883	94,344
Cash and cash equivalents	*18*	60,836	46,985	42,745
		155,589	199,503	187,998
Current liabilities				
Trade and other payables	*19*	127,512	127,315	119,919
Contract liabilities	*20*	6,243	5,664	8,044
Lease liabilities	*21*	40	148	30
Current taxation	*24(a)*	13,609	16,420	7,557
		147,404	149,547	135,550
Net current assets		8,185	49,956	52,448
Total assets less current liabilities		52,308	167,290	172,722
Non-current liabilities				
Lease liabilities	*21*	–	30	–
Deferred income	*23*	–	–	2,132
		–	30	2,132
NET ASSETS		52,308	167,260	170,590
CAPITAL AND RESERVES	*25*			
Paid-in capital/share capital	*25(a)*	10,000	120,000	120,000
Reserves		42,308	47,260	50,590
TOTAL EQUITY		52,308	167,260	170,590

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Renminbi)

		Attributable to equity shareholders of the Company						
	Note	**Paid-in capital/share capital** *RMB'000* *Note 25(a)*	**Capital reserve** *RMB'000* *Note 25(c)*	**Statutory surplus reserve** *RMB'000* *Note 25(c)*	**Retained profits** *RMB'000*	**Total** *RMB'000*	**Non-controlling interests** *RMB'000* *Note 25(e)*	**Total equity** *RMB'000*
Balance at 1 January 2021		10,000	42,315	4,946	45,151	102,412	1,162	103,574
Changes in equity for the year ended 31 December 2021:								
Profit and total comprehensive income for the year		–	–	–	40,400	40,400	441	40,841
Appropriation for statutory surplus reserve		–	–	1,767	(1,767)	–	–	–
Dividends approved	*25(d)*	–	–	–	(500)	(500)	–	(500)
Balance at 31 December 2021 and 1 January 2022		10,000	42,315	6,713	83,284	142,312	1,603	143,915
Changes in equity for the year ended 31 December 2022:								
Profit and total comprehensive income for the year		–	–	–	53,095	53,095	501	53,596
Acquisition of a subsidiary under common control		–	(7,768)	–	–	(7,768)	(2,104)	(9,872)
Deemed distribution		–	(1,963)	–	–	(1,963)	–	(1,963)
Appropriation for statutory surplus reserve		–	–	5,605	(5,605)	–	–	–
Conversion into paid-in capital	*25(a)*	10,000	–	–	(10,000)	–	–	–
Conversion into a joint stock company	*25(a)*	100,000	(32,584)	(6,713)	(60,703)	–	–	–
Balance at 31 December 2022 and 1 January 2023		120,000	–	5,605	60,071	185,676	–	185,676
Changes in equity for the year ended 31 December 2023								
Profit and total comprehensive income for the year		–	–	–	70,178	70,178	–	70,178
Appropriation for statutory surplus reserve		–	–	333	(333)	–	–	–
Balance at 31 December 2023		120,000	–	5,938	129,916	255,854	–	255,854

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Renminbi)

	Note	Years ended 31 December 2021 *RMB'000*	2022 *RMB'000*	2023 *RMB'000*
Operating activities				
Cash generated from operations	*18(b)*	48,743	6,271	122,161
Income tax paid	*24(a)*	(5,370)	(14,387)	(44,467)
Net cash generated from/(used in) operating activities		43,373	(8,116)	77,694
Investing activities				
Payments for purchase of property, plant and equipment		(22,651)	(2,153)	(10,439)
Proceeds from disposal of property, plant and equipment and investment properties		45	11,910	21
Capital contribution to a joint venture		(1,275)	–	(510)
Advances to related parties		(20,814)	(8,313)	(425)
Proceeds from repayment of advances to related parties		2,458	14,043	66,583
Interests received		1,180	1,221	2,212
Dividends received from an associate		–	3,641	851
Net cash (used in)/generated from investing activities		(41,057)	20,349	58,293
Financing activities				
Capital element of lease rentals paid	*18(c)*	(37)	(155)	(148)
Interest element of lease rentals paid	*18(c)*	(1)	(8)	(6)
Advances from related parties	*18(c)*	9,319	3,650	12,700
Repayments of advances from related parties	*18(c)*	(10,046)	(11,695)	(28,575)
Dividend paid	*18(c)*	–	(7,667)	(5,090)
Net cash outflow on Reorganization	*1.2*	–	(1,426)	(9,872)
Payment of [**REDACTED**]		[REDACTED]	[REDACTED]	[REDACTED]
Net cash used in financing activities		(765)	(18,338)	(49,599)
Net increase/(decrease) in cash and cash equivalents		1,551	(6,105)	86,388
Cash and cash equivalents at the beginning of the year	*18(a)*	128,376	129,927	123,822
Cash and cash equivalents at the end of the year	*18(a)*	129,927	123,822	210,210

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

1.1 General information

Hollwin Urban Operation Service Group Co., Ltd *泓盈城市運營服務集團股份有限公司 (formerly known as Changsha Pilot Property Management Co., Ltd.* 長沙先導物業管理有限公司, Changsha Urban Property Development Co., Ltd.* 長沙城市物業發展有限公司 and Hunan Hollwin Urban Operation Service Group Co., Ltd* 湖南泓盈城市運營服務集團股份有限公司, the "Company") was established as a limited liability company with registered capital of RMB10,000,000 on 7 September 2015 in Changsha, Hunan Province, the People's Republic of China (the "PRC"). The address of the Company's registered office is 9/F, Building A1, Xiangjiang Times Square, 179 Pilot Road, Yuelu District, Changsha, Hunan Province, the PRC.

After a series of capital restructuring, as at 1 January 2021, the registered capital of the Company was RMB20,000,000 and the Company was wholly-owned by Changsha Urban Development Group Co., Ltd.* 長沙城市發展集團有限公司 (the "CSUDGCL").

As part of the Reorganization defined in Note 1.2, on 26 August 2022, CSUDGCL transferred its 5% of the equity interest in the Company to Changsha Urban Construction Investment and Development Group Co., Ltd.* 長沙市城市建設投資開發集團有限公司 (the "CUCID Group") at nil consideration, a wholly-owned subsidiary of CSUDGCL, and the CUCID Group subsequently transferred the 5% of the equity interest in the Company to Yuelushan Tourism Culture Development Co., Ltd.* 岳麓山旅遊文化開發有限公司 ("Yuelushan Company"), a wholly-owned subsidiary of the CUCID Group.

On 22 December 2022, the Company converted into a joint stock company with 120,000,000 ordinary shares of RMB1 each.

The Company and its subsidiaries (together, the "Group") are principally engaged in the property management services, urban services and commercial operation services as defined in Note 4(b) (collectively, the "[**REDACTED**] Business"). Further details on the main services lines and operation segments of the Group are set out in Note 4.

1.2 Group reorganization

During the Relevant Periods, the [**REDACTED**] Business was carried out by certain subsidiaries of CSUDGCL, including the Company.

To rationalise the corporate structures in preparation of the [**REDACTED**] of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company underwent the reorganization as detailed in the section headed History, Reorganization and Corporate Structure in the [**REDACTED**] (the "Reorganization"). The Reorganization principally involves:

- In 2020, Changsha Chengfa Commercial Management Co., Ltd.* 長沙城發商業管理有限公司 ("Chengfa Commercial") acquired 100% equity interest in Changsha Chengtou Asset Operation Co., Ltd.* 長沙城投資產經營有限責任公司 ("Chengtou Asset") with nil consideration from Changsha Pilot Investment Holdings Group Co., Ltd.* 長沙先導投資控股集團有限公司 ("Pilot Investment");

- In 2020, the Company acquired 100% equity interest in Changsha Chengtou Property Service Co., Ltd.* 長沙城投物業服務有限公司 ("Chengtou Property") with nil consideration from Yuelushan Company;

- In 2020, the Group transferred its equity interest in Changsha Pilot Yinxiang Culture and Media Co., Ltd.* 長沙先導銀象文化傳媒有限公司 ("Yinxiang Cultural"), an associate of the Group, to Changsha Damei Advertising Co., Ltd.* 長沙達美文化傳播有限公司 ("Damei Cultural"), a subsidiary of CSUDGCL at nil consideration, which was deemed as a distribution to CSUDGCL.

* The official names of these entities are in Chinese. The English translation of the names is for identification only.

– In 2022, the Group transferred its Dufu River Tower tourism operation business and related net assets of RMB1,963,000, including cash and cash equivalent of RMB1,426,000 to the Yuelushan Company, a wholly-owned subsidiary of CSUDGCL, at nil consideration, which was deemed as a distribution to CSUDGCL.

– In 2022, the Company acquired 100% equity interest in Changsha Parking Lot Investment Construction Operation Co., Ltd.* 長沙市停車場投資建設經營有限公司 (the "Parking Company") with total consideration of RMB9,872,000 from Changsha Chengfa Smart Travel Investment and Operation Co., Ltd.* 長沙城發智慧出行投資運營有限公司 ("Chengfa Smart Travel Company"), of which 90% of equity interest was indirectly owned by CSUDGCL; and

– In 2022, the Company acquired 100% equity interest in Chengfa Commercial and its subsidiaries with nil consideration from CSUDGCL.

Upon the completion of each of the Reorganization steps above, the Company became the holding company of the companies now comprising the Group. Details of the Group's subsidiaries are set out in Note 1.3.

1.3 Basis of preparation

The companies now comprising the Group are under the common control of CSUDGCL immediately before and after the Reorganization. The control was not transitory and consequently, the Reorganization is regarded as a business combination under common control.

For the purpose of this report, the Historical Financial Information has been prepared by including the financial information of the companies now comprising the Group, which were under the common control of CSUDGCL, as if the current group structure had been in existence throughout the periods presented, or since the date when the combining entities first came under the control of CSUDGCL, whichever is a shorter period. The assets and liabilities of the combining entities were consolidated using the existing book values from CSUDGCL's perspective. The paid-in capital and capital reserves of the combining entities were included in the capital reserve of the consolidated statements of changes in equity as at 1 January 2021, and the statutory surplus reserve and retained profits of the combining entities were included in the retained profits of the consolidated statements of changes in equity as at 1 January 2021.

The consideration to acquire the combining entities (i.e. Chengtou Property, Parking Compang and Chengfa Commercial and its subsidiaries) was reflected as "acquisition of a subsidiary under common control" in the Group's consolidated statements of changes in equity.

Prior to the completion of the Reorganization, the share of 10% of the equity interest of the Parking Company, which was indirectly held by a shareholder not under the common control of CSUDGCL, was presented as non-controlling interests in the Historical Financial Information.

Intra-group balances, transactions and unrealised gains/losses on intra-group transactions are eliminated in full in preparing the Historical Financial Information.

As at the date of this report, the financial statements of the Company and the subsidiaries of the Group for which there are statutory audit requirements were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC. The financial statements of the Company for the years ended 31 December 2021 and 2022 have been audited by WUYIGE CPAs LLP Changsha Branch* 大信會計師事務所(特殊普通合夥)長沙分所 ("WUYIGE CPA"). No audited financial statements have been prepared for the Company for the year ended 31 December 2023.

* The official name of the entity is in Chinese. The English translation of the names is for identification only.

During the Relevant Periods and as at the date of this report, the Company has direct or indirect interests in the following principal subsidiaries, all of which are limited liabilities companies:

Company Name	Place and date of incorporation/ establishment/ operation	Particulars of registered/ paid-up capital	Equity interest held as at 31 December 2021	2022	2023	the date of this report	Principal activities
Changsha Chengfa Property Management Co., Ltd. 長沙城發物業管理有限公司	Chinese Mainland 11 November 2005	RMB20,000,000/ Nil	100%	100%	100%	100%	Provision of property management services
Chengtou Property	Chinese Mainland 7 November 2013	RMB500,000/ RMB500,000	100%	100%	100%	100%	Provision of property management services
Hunan Pilot Modern Landscaping Greening Company Limited 湖南省先導現代園林綠化有限公司 ("Landscaping Company")	Chinese Mainland 2 February 2001	RMB10,000,000/ RMB10,000,000	100%	100%	100%	100%	Provision of landscaping services
Changsha Urban Lighting Operation and Development Co., Ltd. 長沙城市照明運營發展有限公司 ("Lighting Company")	Chinese Mainland 29 March 2022	RMB10,000,000/ RMB5,000,000	N/A	100%	100%	100%	Provision of public facility management services
Chengfa Commercial	Chinese Mainland 5 April 2017	RMB20,000,000/ RMB20,000,000	–	100%	100%	100%	Provision of commercial operation services
Changsha Chengfa Xingjia Apartment Operation and Management Co., Ltd. 長沙城發星家公寓運營管理有限公司	Chinese Mainland 20 February 2017	RMB10,000,000/ RMB500,000	–	100%	100%	100%	Provision of apartment operation services
Chengtou Asset	Chinese Mainland 1 June 2011	RMB5,000,000/ RMB5,000,000	–	100%	100%	100%	Provision of commercial operation services
Parking Company	Chinese Mainland 27 September 2003	RMB6,000,000/ RMB6,000,000	–	100%	100%	100%	Provision of parking lot leasing service

Notes:

(a) The official names of these entities are in Chinese. The English translation of the names is for identification only.

(b) These entities were registered as limited liability companies under the laws and regulations in the PRC.

(c) The financial statements of the subsidiaries of the Group for the years ended 31 December 2021 and 2022 have been audited by WUYIGE CPA, except for Lighting Company which was established in 2022 and no audited financial statements have been prepared prior to its establishment. No audited financial statements have been prepared for the subsidiaries of the Group for the year ended 31 December 2023.

All companies now comprising the Group have adopted 31 December as their financial year end date.

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). Further details of the material accounting policy information adopted are set out in Note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards to the Relevant Periods, except for any new standards or interpretations that are not yet effective for the Relevant Periods. The revised and new accounting standards and interpretations issued but not yet effective for the Relevant Periods are set out in Note 30.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

The measurement basis used in the preparation of the financial statements is the historical cost basis except that investment property is stated at its fair value as explained in the accounting policies set out in Note 2(e).

The Historical Financial Information is presented in Renminbi ("RMB"), rounded to the nearest thousand, unless otherwise indicated. Each entity in the Group determines its own functional currency to be the currency of the primary economic environment in which it operates. The functional currency of the Company and the Company's subsidiaries is RMB.

(b) Use of estimates and judgements

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, equity, 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.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 3.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary, other than subsidiary which is acquired through business combination under common control, is consolidated into the Historical Financial Information from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the Historical Financial Information. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statements of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statements of profit or loss and the consolidated statements of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the period between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or a joint venture (see Note 2(d)).

In the Company's statements of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(i)(ii)).

Business combination under common control

The Historical Financial Information consolidates the financial results and the financial position of the entities or business which are acquired through business combination under common control as if they had been consolidated from the earliest date presented or since the date when these consolidating entities or business first came under the control of the controlling party, where there is a shorter period.

The net assets of the consolidating entities or business are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in consideration for goodwill or excess of the acquirers' interest in the net fair value of acquiree's identified assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statements of profit or loss and comprehensive income include the results of each of the consolidating entities or business from the earliest date presented or since the date when the consolidating entities or business first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealised gains on transactions between consolidating entities or business are eliminated on consolidation.

(d) Associate and joint venture

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the Historical Financial Information under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or joint venture that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Note 2(i)(ii)). At each reporting date, the Group assesses whether there is any objective evidence that the investment is impaired. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the period are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate or joint ventures, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate or joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associate and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have joint control over joint venture or significant influence over associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

(e) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see Note 2(g)) to earn rental income and or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(i)(ii)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Leasehold improvement	Over the shorter of the lease term or the estimated useful life of the asset
Right-of-use assets	Over the lease term
Motor vehicles	3-5 years
Machinery and electronic equipment	3-5 years
Furniture and others	3-5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually. No depreciation is provided in respect of construction in progress until it is completed and ready for intended use.

(g) Lease

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(f) and 2(i)(ii)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of IFRS 16 Leases. In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of IFRS 16 and recognised the change in consideration as if it were not a lease modification.

In the consolidated statements of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease if a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone price basis. The rental income from operating leases is recognised in accordance with Note 2(r)(ii)(c).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short team lease to which the Group applies the exemption described above, then the Group classified the sub-lease as an operating lease.

For a sublease classified as a finance lease, the Group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognises the finance lease receivables in the sublease when the Group enters into the sublease. Any difference between the right-of-use asset and the finance lease receivables in the sublease is recognised in profit or loss.

During the term of the sublease, the Group recognises interest income as it accrues on the outstanding balance of finance lease receivables using the effective interest rate method and interest expense on the lease liability relating to the head lease.

For a sublease classified as an operating lease, the Group retains the lease liability and the right-of-use asset relating to the head lease in its consolidated statements of financial position.

(h) Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 2(i)(ii)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The software in the intangible assets line item are amortised from the date they are available for use and their estimated useful lives are 3-5 years.

Both the period and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments and contract assets.

The Group recognises a loss allowance for expected credit losses (ECLs) on the financial assets measured at amortised cost (including cash and cash equivalents, restricted bank deposits, trade receivables and other receivables), and contract assets as defined in IFRS 15 (see Note 2(k)).

Other financial assets measured at fair value, including financial assets measured at FVTPL, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– Cash and cash equivalents, restricted bank deposits, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognised in accordance with Note 2(r)(ii)(a) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or past due event;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganization;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment, including right-of-use assets;

– intangible assets;

– investments in an associate and joint ventures; and

– investments in subsidiaries in the Company's statements of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

– *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the period in which the reversals are recognised.

(j) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Cost of inventories are calculated using the first in first out method formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(k) Contract asset and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 2(r)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECLs in accordance with the policy set out in Note 2(i)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see Note 2(l)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(r)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see Note 2(l)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

(l) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see Note 2(i)(i)).

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in Note 2(i)(i).

(n) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values. Contribution to appropriate local defined contribution retirement schemes pursuant to the relevant labour rules and regulations in the PRC are recognised as an expense in profit or loss as incurred.

(ii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(p) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

– temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

– taxable temporary differences arising on the initial recognition of goodwill; and

– those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Where investment properties are carried at their fair value in accordance with Note 2(e), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date, unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(q) Provisions, contingent liabilities and onerous contracts

(i) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Onerous contracts

An onerous contracts exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of the terminating the contract and the net cost of fulfilling the contract. The cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling that contract.

(r) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

The Group principally generates its revenue from the provision of property management services, lighting system operation services, municipal sanitation services, landscaping and engineering services, commercial operation services and parking lot operation services. The Group's revenue is derived from the following sources: –

– *Provision of property management services, lighting system operation services, and municipal sanitation services*

For property management services, lighting system operation services and municipal sanitation services income from properties and public facilities managed under lump sum basis, where the Group acts as principal and is primary responsible for providing the certain services to the property owners or users, the Group bills a fixed amount for services provided on a periodical basis and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

– *Provision of commercial operation services*

Commercial operation services to owners of the shopping malls mainly include tenant sourcing services, tenant management and rent collection services, for which the service fee is calculated at a percentage of rental fees and revenue is recognised monthly when such services are provided.

– *Provision of landscaping and engineering services*

Revenue from the provision of landscaping and engineering services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the engineering services.

– *Provision of parking lot operation services*

Revenue from the provision of parking lot operation services consists of fees from users for the access of parking lot space provided by the Group. The price of the parking fee is based on a per use or monthly or contractual basis.

(ii) Revenue from other sources and other income

(a) Interest income

Interest income is recognised as it accrues under the effective interest method.

(b) Government grants

Government grants are recognised in the statements of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised as deferred income in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

(c) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(d) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(s) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

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

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

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

(vi) The entity is controlled or jointly controlled by a person identified in (a).

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

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

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(t) Segment reporting

Operating segments, and the amounts of each segment item reported in the Historical Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

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 source of estimation uncertainty in the preparation of the Historical Financial Information is as follow:

(i) Expected credit losses for receivables

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

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables, contract assets, and the related loss allowances in the period in which such estimate is changed. For details of the key assumptions and inputs used, see Note 26.

(ii) Determination method and measuring of performance progress of landscaping and engineering services

The Group determines the performance progress of the landscaping and engineering services using the input method. Specifically, the Group determines the performance progress according to the proportion of the accumulated actual landscaping and engineering cost in the estimated total cost. The accumulated actual cost includes the direct cost and indirect cost incurred in the process of the Group transferring goods to customers. The landscaping and engineering contract price with the customer is determined with reference to the landscaping and engineering cost. The proportion of the actual landscaping and engineering cost to the estimated total cost can truly reflect the performance progress of the landscaping and engineering service. In view of the long lifetime of the landscaping and engineering contract and the possibility of spanning several accounting periods, the Group will review and revise the budget with the progress of the landscaping and engineering contract, and adjust the revenue recognition amount accordingly.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group principally generates its revenue from the provision of property management services, urban services and commercial operation services as defined in Note 4(b).

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers and other sources by major services lines is as follows:

	Years ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15			
Disaggregated by major services lines			
– Provision of property management services	192,256	207,466	237,902
– Provision of municipal sanitation services	28,925	44,233	52,713
– Provision of lighting system operation services	30,856	64,007	67,497
– Provision of commercial operation services	52,332	45,420	60,683
– Provision of landscaping and engineering services	83,482	125,847	186,347
– Provision of parking lots services	38,278	36,965	42,632
	426,129	523,938	647,774

	Years ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Revenue from other sources			
Disaggregated by major services lines			
– sublease parking lots	3,811	3,668	4,101
– sublease commercial properties	1,713	917	–
	5,524	4,585	4,101
	431,653	528,523	651,875

(ii) Information about major customers

Revenue from customers contributing over 10% of the Group's revenue during the Relevant Periods are as follows:

	Years ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
CSUDGCL and its subsidiaries (excluding the Group, together, the "CSUD Group") *(Note (a))*	178,833	232,475	278,259
Customer 1 *(Note (b))*	N/A *(Note (c))*	54,619	N/A *(Note (c))*

Notes:

(a) Revenue from all three operating segments as defined in Note 4(b).

(b) Revenue from Property Management Services segment and Urban Services segment defined in Note 4(b).

(c) The corresponding revenue did not contribute over 10% of the total revenue of the Group.

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

For property management services, municipal sanitation services, commercial operational services and lighting system operation services, 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 not to disclose the remaining performance obligations for the above types of contracts.

For landscaping and engineering services contracts entered into by the customers with the Group, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB47,853,000, RMB59,025,000 and RMB61,041,000, as at 31 December 2021, 2022 and 2023, respectively. The Group will recognise the expected revenue in future when or as the work is completed, which is expected to occur over the next 1 to 12 months, respectively, as at 31 December 2021, 2022 and 2023.

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by services lines. In a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker ("CODM") for the purpose of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

– Property Management Services which include management and operation services provided to commercial properties, residential properties, and public properties.

– Urban Services which include the provision of lighting system operation services, municipal sanitation services, landscaping and engineering services, parking lot operation services and sublease of parking lot.

– Commercial Operation Services which include the provision of commercial operation services such as tenant sourcing services, tenant management, rent collection services and sublease of commercial properties.

(i) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results attributable to each reportable segment on the following bases:

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.

Segment profit/loss represents gross profit earned by/loss from each segment.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2021, 2022 and 2023 is set out below:

	Year ended 31 December 2021			
	Property Management Services	**Urban Services**	**Commercial Operational Services**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15				
Disaggregated by timing of revenue recognition				
Point in time	1,206	–	3,691	4,897
Over time	191,050	181,541	48,641	421,232
Subtotal	192,256	181,541	52,332	426,129
Revenue from other sources				
Gross rental income	–	3,811	1,713	5,524
Revenue from external customers	192,256	185,352	54,045	431,653
Inter-segment revenue	5,101	324	365	5,790
Reportable segment revenue	197,357	185,676	54,410	437,443
Gross profit	38,401	39,992	28,913	107,306

	Year ended 31 December 2022			
	Property Management Services	**Urban Services**	**Commercial Operation Services**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15				
Disaggregated by timing of revenue recognition				
Point in time	1,687	–	801	2,488
Over time	205,779	271,052	44,619	521,450
Subtotal	207,466	271,052	45,420	523,938
Revenue from other sources				
Gross rental income	–	3,668	917	4,585
Revenue from external customers	207,466	274,720	46,337	528,523
Inter-segment revenue	6,827	117	933	7,877
Reportable segment revenue	214,293	274,837	47,270	536,400
Gross profit	30,164	66,433	24,950	121,547

	Year ended 31 December 2023			
	Property Management Services	**Urban Services**	**Commercial Operation Services**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15				
Disaggregated by timing of revenue recognition				
Point in time	2,295	–	1,587	3,882
Over time	235,607	349,189	59,096	643,892
Subtotal	237,902	349,189	60,683	647,774
Revenue from other sources				
Gross rental income	–	4,101	–	4,101
Revenue from external customers	237,902	353,290	60,683	651,875
Inter-segment revenue	7,857	275	268	8,400
Reportable segment revenue	245,759	353,565	60,951	660,275
Gross profit	35,950	78,009	37,872	151,831

(ii) Reconciliations of reportable segment revenues

	Years ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Reportable segment revenue	437,443	536,400	660,275
Elimination of inter-segment revenue	(5,790)	(7,877)	(8,400)
Consolidated revenue *(Note 4(a))*	431,653	528,523	651,875

(iii) Segment assets and liabilities

No segment assets and liabilities information are provided as no such information is regularly provided to CODM of the Group on making decision of resources allocation and performance assessment.

(iv) Geographic information

No geographical segment analysis is shown as all of the Group's revenue are derived from activities in, and from customers located in the PRC and all the Group's assets are situated in PRC.

5 PROFIT BEFORE TAXATION

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

	Years ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
(a) Finance income			
Interest income from bank deposits	1,180	1,221	2,212
(b) Finance costs			
Interest on lease liabilities *(Note 21)*	(1)	(8)	(6)
(c) Staff costs (including directors' and supervisors' emoluments)			
Salaries, wages and other benefits	(64,565)	(63,349)	(83,201)
Contributions to defined contribution retirement plan	(4,549)	(4,717)	(8,340)
	(69,114)	(68,066)	(91,541)

Note: Employees of the Group's PRC entities are required to participate in a defined contribution scheme administrated and operated by the local municipal governments ("State Operated Scheme"). The Group's entities contribute funds which are calculated on certain percentages of the employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

Qualified employees of the Group's entities are also eligible to participate in a defined contribution scheme operated by the Group ("Group Operated Scheme"). The Group's entities contribute funds which are calculated on certain percentages of the qualified employees' salary as a part of their retirement benefit.

The Group has no other material obligation for the payment of retirement benefits associated with the State Operated Scheme.

	Years ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
(d) Other items			
Depreciation and amortisation			
– Property, plant and equipment *(Note 11(a))*	(8,143)	(9,026)	(7,005)
– Intangible assets *(Note 12)*	(123)	(109)	(103)
	(8,266)	(9,135)	(7,108)
Auditors' remuneration	–	(30)	(30)
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Cost of inventories# *(Note 16(b))*	(46,503)	(59,468)	(115,173)

\# Cost of inventories mainly represented raw materials, finished goods and consumables consumed during the provision of lighting system operation services and landscaping and engineering services.

	Years ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
(e) Other net income			
Government grants	202	445	403
Gain on disposal of property, plant and equipment	3	61	3
Super deduction of value-added tax ("VAT")	1,376	3,070	1,902
Default income from customers	37	314	18
Changes in fair value on investment properties *(Note 10)*	(1,554)	–	–
Surcharge for overdue tax payment	(66)	(107)	(80)
Others	10	7	(62)
	8	3,790	2,184

Note: For the years ended 31 December 2021, 2022 and 2023, the government grants received by the Group were mainly related to subsidies for staff retention and acquisition of non-current assets.

6 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

	Years ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Current tax – PRC Corporate Income Tax			
Provision for the year	15,479	19,227	25,755
Deferred tax			
Origination and reversal of temporary differences *(Note 24)*	(2,142)	(2,137)	(2,933)
	13,337	17,090	22,822

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

	Years ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Profit before taxation	54,178	70,686	93,000
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned *(Note (i))*	13,545	17,672	23,250
Tax effect of PRC preferential tax rates *(Note (ii))*	(188)	(39)	(229)
Tax effect of share of profits less losses of an associate and joint ventures	(1,161)	(773)	(544)
Tax effect of unrecognised deductible losses and deductible temporary difference	388	–	–
Tax effect of non-deductible expenses	753	230	345
Actual income tax expense	13,337	17,090	22,822

Notes:

(i) The Group's entities in the PRC are subject to PRC income tax at 25%.

(ii) Certain entities of the Group have been filed as Small Low-Profit Enterprises. The entitled subsidiaries were subject to two-tired preferential effective tax rates from 2.5% to 10% for the years ended 31 December 2021, 2022 and 2023.

7 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Directors' and supervisors' emoluments as recorded in the Historical Financial Information are set out below:

	Year ended 31 December 2021				
	Directors' fees	**Salaries, allowances and other benefits**	**Discretionary bonuses**	**Retirement scheme contributions**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman and Director					
Xie Yi	–	818	–	29	847
Directors					
Huang Guohui	–	653	–	29	682
Wong Kwok Fu *(Note (i))*	–	–	–	–	–
Yu Xiao *(Note (ii))*	–	–	–	–	–
Sheng Xing *(Note (iii))*	–	–	–	–	–
Duan Wenming *(Note (iv))*	–	–	–	–	–
Supervisors					
Gao Hong *(Note (ii))*	–	–	–	–	–
	–	1,471	–	58	1,529

	Year ended 31 December 2022				
	Directors' fees	**Salaries, allowances and other benefits**	**Discretionary bonuses**	**Retirement scheme contributions**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman and director					
Xie Yi	–	687	–	29	716
Directors					
Huang Guohui *(Note (viii))*	–	544	–	29	573
Wong Kwok Fu *(Note (i))*	–	309	–	14	323
Yu Xiao *(Note (ii))*	–	–	–	–	–
Duan Wenming *(Note (iv))*	–	100	–	7	107
Yan Yongxiang *(Note (v))*	–	252	–	14	266
Supervisors					
Gao Hong *(Note (ii))*	–	–	–	–	–
Xiao Mingxi *(Note (vi))*	–	243	–	15	258
Huang Guohui *(Note (viii))*	–	–	–	–	–
Peng Juanjuan *(Note (vii))*	–	–	–	–	–
	–	2,135	–	108	2,243

	Year ended 31 December 2023				
	Directors' fees	**Salaries, allowances and other benefits**	**Discretionary bonuses**	**Retirement scheme contributions**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman and executive director					
Xie Yi	–	731	–	63	794
Executive Directors					
Wong Kwok Fu *(Note (i))*	–	761	–	72	833
Duan Wenming *(Note (iv))*	–	408	–	55	463
Yan Yongxiang *(Note (v))*	–	646	–	75	721
Non-Executive Directors					
Yu Xiao *(Note (ii))*	–	–	–	–	–
Independent Non-Executive Directors					
Chan Ka Lai *(Note (ix))*	80	–	–	–	80
Dai Xiaofeng *(Note (ix))*	80	–	–	–	80
Tse Chi Wai *(Note (ix))*	80	–	–	–	80
Supervisors					
Xiao Mingxi *(Note (vi))*	–	267	–	36	303
Huang Guohui *(Note (viii))*	–	582	–	66	648
Peng Juanjuan *(Note (vii))*	–	–	–	–	–
	240	3,395	–	367	4,002

Notes:

(i) From November 2020 to August 2022, Mr. Wong Kwok Fu was appointed as a director of the Company. Mr. Wong Kwok Fu was not paid directly by the Group but received remuneration from the shareholder of the Company or its related parties other than the Group. No apportionment has been made as the qualifying services provided by them to the Group are incidental to their responsibilities to the shareholder. Since August 2022, Mr. Wong Kwok Fu was also appointed as the secretary to the Board of Directors of the Company and paid directly by the Group since then.

(ii) During the years ended 31 December 2021, 2022 and 2023, Mr. Yu Xiao and during the years ended 31 December 2021 and 2022, Mr. Gao Hong were not paid directly by the Group but received remuneration from the shareholder of the Company or its related parties other than the Group, in respect of their service to the shareholder respectively. No apportionment has been made as the qualifying services provided by them to the Group are incidental to their responsibilities to the shareholder. Mr. Gao Hong retired as a supervisor of the Company in September 2022 and Mr. Yu Xiao was re-designated as a non-executive director in May 2023.

(iii) During the year ended 31 December 2021, Mr. Sheng Xing was not paid directly by the Group but received remuneration from the shareholder of the Company or its related parties other than the Group, in respect of the service to the shareholder. No apportionment has been made as the qualifying services provided by him to the Group are incidental to the responsibilities to the shareholder. He was removed as a director of the Company in September 2021.

(iv) In August 2021, Mr. Duan Wenming was appointed as a director of the Company but he was not paid directly by the Group but received remuneration from the shareholder of the Company or its related parties other than the Group. No apportionment has been made as the qualifying services provided by them to the Group are incidental to their responsibilities to the shareholder. Since August 2022, Mr. Duan Wenming was also appointed as the financial director of the Company and paid directly by the Group since then.

(v) In July 2022, Mr. Yan Yongxiang was appointed as a director of the Company.

(vi) In December 2022, Ms. Xiao Mingxi was appointed as a supervisor of the Company.

(vii) Ms. Peng Juanjuan was appointed as a supervisor of the Company in December 2022, and she was not paid directly by the Group but received remuneration from the shareholders of the Company or their related parties other than the Group. No apportionment has been made as the qualifying services provided by them to the Group are incidental to her responsibilities to the shareholders.

(viii) In August 2022, Mr. Huang Guohui was removed as a director of the Company, and he was subsequently appointed as a supervisor of the Company in December 2022.

(ix) In May 2023, Ms. Chan Ka Lai, Dr. Dai Xiaofeng and Mr. Tse Chi Wai were appointed as independent non-executive directors of the Company.

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

During the years ended 31 December 2021, 2022 and 2023, of the five individuals with the highest emoluments, two, two, and four are directors or supervisors whose emoluments are disclosed in Note 7.

The aggregate of the emoluments in respect of the remaining individuals are as follows:

	Years ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Salaries and other emoluments	1,323	1,181	430
Retirement scheme contributions	80	95	61
	1,403	1,276	491

The emoluments of the three, three, and one individuals with the highest emoluments are within the following bands:

	Years ended 31 December		
	2021	**2022**	**2023**
	Number of individuals	*Number of individuals*	*Number of individuals*
Nil to Hong Kong Dollar 1,000,000	3	3	1

9 EARNINGS PER SHARE

The calculation of the basic earnings per share during the Relevant Periods is based on the profit for the year attributable to equity shareholders of the Company and the weighted average number of ordinary shares in issue or deemed to be in issue.

As described in Note 1, the Company converted into a joint stock limited liability company and the net assets of the Company were converted into 120,000,000 shares of RMB1.00 each on 22 December 2022. For the purpose of computing basic and diluted earnings per share, the weighted average number of ordinary shares deemed to be in issue before the Company's conversion into a joint stock company was determined assuming the conversion into joint stock company had occurred since 1 January 2021, at the exchange ratio established in the conversion in December 2022.

Earnings per share

	Years ended 31 December		
	2021	**2022**	**2023**
Earnings			
Profit attributable to the equity shareholders of the Company (RMB'000)	40,400	53,095	70,178
Shares			
Weighted average number of ordinary shares at 31 December deemed to be in issue	120,000,000	120,000,000	120,000,000
Earnings per share (basic and diluted) (RMB)	0.34	0.44	0.58

There were no dilutive potential shares outstanding during the Relevant Periods and therefore the diluted earnings per share are same as the basic earnings per share.

10 INVESTMENTS PROPERTIES

(a) Reconciliation of carrying amounts

	Office building
	RMB'000
At 1 January 2021	12,687
Fair value adjustment	(1,554)
At 31 December 2021	11,133
Disposals	(11,133)
At 31 December 2022 and 31 December 2023	–

(b) Fair value measurement of properties

(i) Fair value hierarchy

The following table presents the fair value of the Group's properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value as at 31 December 2021 *RMB'000*
Investment properties located in Shanghai, the PRC	
– level 3	11,133

During the years ended 31 December 2021, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The investment properties of the Group included two properties located in Shanghai Yaojiang International Plaza.

All of the Group's investment properties were revalued as at 31 December 2021. The valuations were carried out by an independent firm of surveyors, with recent experience in the location and category of properties being valued. The Group's management have had discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each reporting date.

As part of the Reorganization, these investment properties have been disposed of to CUCID Group in 2022 with reference to the valuation results as at 31 December 2021.

(ii) Information about Level 3 fair value measurements

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used).

Investment properties held by the Group	**Valuation techniques and key inputs**	**Significant unobservable inputs**	**Relationship of unobservable inputs to fair value**
Shanghai Yaojiang International Plaza	Market approach and income approach The key inputs are: – Market price – Capitalisation rate – Unit rent	Market price per sq.m: 31 December 2021: RMB28,000 Capitalisation rate: 31 December 2021: 5.5% Unit rent per sq.m. per month: 31 December 2021: RMB195	The higher the market price and unit rent, the higher the fair value The higher the capitalisation rate, the lower the market value

The fair value of investment properties is determined based on average amount of the valuation results by income approach and that by market approach. Under the income approach, the fair value of investment properties is estimated based on capitalisation rate and unit rent. The unit rent is mainly made reference to the rents in existing lease. Under the market approach, the fair value is estimated based on comparable transactions for properties in similar location, accessibility, age, quality, size and other factors.

(c) Additional information of leases on investment properties

The Group leases its investment properties under operating leases. The leases typically run for a period of 3 years, with an option to renew the lease after that date at which time all terms are renegotiated. Lease payments remained the same along the lease period.

Undiscounted lease payments under non-cancellable operating leases in place as at 31 December 2021 will be receivable by the Group in future periods as follows:

	As at 31 December 2021 *RMB'000*
Within 1 year	826

11 PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

The Group

	Right-of-use assets *RMB'000*	**Leasehold improvement** *RMB'000*	**Machinery and electronic equipment** *RMB'000*	**Motor vehicles** *RMB'000*	**Furniture and others** *RMB'000*	**Total** *RMB'000*
Cost:						
At 1 January 2021	–	17,224	8,323	3,583	5,179	34,309
Additions	77	1,029	1,405	20,256	937	23,704
Disposals	–	–	(153)	(590)	(1,305)	(2,048)
At 31 December 2021	77	18,253	9,575	23,249	4,811	55,965
Additions	293	359	1,163	392	590	2,797
Disposals	–	(106)	(3,416)	(407)	(1,595)	(5,524)
At 31 December 2022	370	18,506	7,322	23,234	3,806	53,238
Additions	–	–	7,895	653	378	8,926
Disposals	–	–	(109)	(69)	(78)	(256)
At 31 December 2023	370	18,506	15,108	23,818	4,106	61,908

	Right-of-use assets *RMB'000*	Leasehold improvement *RMB'000*	Machinery and electronic equipment *RMB'000*	Motor vehicles *RMB'000*	Furniture and others *RMB'000*	Total *RMB'000*
Accumulated depreciation:						
At 1 January 2021	–	(13,440)	(5,171)	(2,651)	(4,017)	(25,279)
Charge for the year	(16)	(3,048)	(1,002)	(3,858)	(219)	(8,143)
Written back on disposals	–	–	130	571	313	1,014
At 31 December 2021	(16)	(16,488)	(6,043)	(5,938)	(3,923)	(32,408)
Charge for the year	(137)	(1,583)	(1,850)	(4,860)	(596)	(9,026)
Written back on disposals	–	81	2,732	397	1,054	4,264
At 31 December 2022	(153)	(17,990)	(5,161)	(10,401)	(3,465)	(37,170)
Charge for the year	(169)	(397)	(1,077)	(5,065)	(297)	(7,005)
Written back on disposal	–	–	92	69	77	238
At 31 December 2023	(322)	(18,387)	(6,146)	(15,397)	(3,685)	(43,937)
Net book value:						
At 31 December 2023	48	119	8,962	8,421	421	17,971
At 31 December 2022	217	516	2,161	12,833	341	16,068
At 31 December 2021	61	1,765	3,532	17,311	888	23,557

The Company

	Right-of-use assets	Machinery and electronic equipment	Motor vehicles	Furniture and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:					
At 1 January 2021	–	1,138	1,880	513	3,531
Additions	77	356	19,978	163	20,574
Disposals	–	–	(90)	–	(90)
At 31 December 2021	77	1,494	21,768	676	24,015
Additions	293	416	378	163	1,250
Disposals	–	–	–	(49)	(49)
At 31 December 2022	370	1,910	22,146	790	25,216
Additions	–	4,102	160	265	4,527
Disposals	–	(35)	–	–	(35)
At 31 December 2023	370	5,977	22,306	1,055	29,708
Accumulated depreciation:					
At 1 January 2021	–	(824)	(1,092)	(477)	(2,393)
Charge for the year	(16)	(153)	(3,596)	(50)	(3,815)
Written back on disposals	–	–	85	–	85
At 31 December 2021	(16)	(977)	(4,603)	(527)	(6,123)
Charge for the year	(137)	(291)	(4,836)	(254)	(5,518)
Written back on disposals	–	18	–	8	26
At 31 December 2022	(153)	(1,250)	(9,439)	(773)	(11,615)
Charge for the year	(169)	(560)	(4,714)	(79)	(5,522)
Written back on disposals	–	20	–	–	20
At 31 December 2023	(322)	(1,790)	(14,153)	(852)	(17,117)
Net book value:					
At 31 December 2023	48	4,187	8,153	203	12,591
At 31 December 2022	217	660	12,707	17	13,601
At 31 December 2021	61	517	17,165	149	17,892

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

		As at 31 December		
	Note	**2021**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*
Properties leased for own use, carried at depreciated cost	*11(a)*	61	217	48

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

		Years ended 31 December		
	Note	**2021**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*
Depreciation charge of right-of-use assets by class of underlying assets:				
– Properties leased for own use carried at depreciated cost	*(i)*	16	137	169
Interest on lease liabilities	*5(b)*	1	8	6
Expense relating to short-term leases		5,240	5,955	4,331
Variable lease payments not included in the measurement of lease liabilities	*(ii)*	9,677	10,695	12,373

i. During the years ended 31 December 2021, 2022 and 2023, additions to right-of-use assets were primarily related to the capitalised lease payments payable under new tenancy agreements.

   Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 18(d) and 21, respectively. The Group leases apartments and commercial properties under leases expiring in 1-2 years.

ii. The Group leased a number of parking lots which contain variable lease payment terms that are based on revenue generated from the parking lots and there is no fixed lease payment. These payment terms are common in parking lots where the Group operates. Variable lease payments are based on 15-20% of the Group's sublease revenue during each year.

12 INTANGIBLE ASSETS

	Software
	RMB'000
Cost:	
At 1 January 2021	361
Additions	16
At 31 December 2021	377
Additions	9
At 31 December 2022	386
Additions	88
At 31 December 2023	474

	Software
	RMB'000
Accumulated amortisation:	
At 1 January 2021	(56)
Charge for the year	(123)
At 31 December 2021	(179)
Charge for the year	(109)
At 31 December 2022	(288)
Charge for the year	(103)
At 31 December 2023	(391)
Net book value:	
At 31 December 2023	83
At 31 December 2022	98
At 31 December 2021	198

13 INVESTMENTS IN JOINT VENTURES

The following list contains a material joint venture of the Group and the Company, which is unlisted corporate entity whose quoted market price is not available:

Name of joint venture	Form of business structure	Place of incorporation and business	Particulars of registered/ paid-up capital	Proportion of ownership interest held by the Company As at 31 December 2021	2022	2023	Principal activity
Pingxiang Huiheng Pilot Property Management Co., Ltd.* 萍鄉市匯恒先導物業管理有限公司 ("Pingxiang Huiheng")	Company with limited liability	the PRC	RMB8,000,000/ RMB2,400,000	55%	55%	55%	Provision of property management services

* The official name of this entity is in Chinese. The English translation of the name is for identification only.

Pursuant to the article of association of Pingxiang Huiheng, and the shareholders' agreements between the shareholders of Pingxiang Huiheng, both the Company and another shareholder of Pingxiang Huiheng have the power to nominate two directors to Pingxiang Huiheng, while the remaining director shall be selected by employees' representations. However, at least four out of five directors are required to pass a resolution by its board of directors. Accordingly, unanimous consent from both of shareholders is required for decisions about the relevant activities of Pingxiang Huiheng. Therefore, the Group and the other shareholder of Pingxiang Huiheng have joint control over Pingxiang Huiheng, and the Group recognises its investment in Pingxiang Huiheng as an investment in a joint venture.

Summarised financial information of Pingxiang Huiheng, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the Historical Financial Information, are disclosed below:

	As at 31 December/years ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Current assets	17,959	24,894	25,160
Non-current assets	667	492	299
Current liabilities	(7,648)	(12,521)	(10,412)
Equity	10,978	12,865	15,047
Revenue	23,422	26,007	25,021
Profit from continuing operations	4,348	1,887	2,182
Profit and total comprehensive income	4,348	1,887	2,182
Reconciled to the Group's interest in the joint venture			
Gross amount of net assets of the joint venture	10,978	12,865	15,047
Group's effective interest	55%	55%	55%
Group's share of net assets of the joint venture	6,038	7,076	8,276
Group's share of profits and total comprehensive income	2,391	1,038	1,200

The following list contains joint ventures of the Group and the Company that are not individually material, which is unlisted corporate entities whose quoted market prices are not available:

Name of joint venture	Form of business structure	Place of incorporation and business	Particulars of registered/ paid-up capital	Proportion of ownership interest held by the Company As at 31 December 2021	2022	2023	Principal activity
Changsha Wangcheng District New Hope Pilot Property Management Co., Ltd.* 長沙市望城區新希望先導物業管理有限責任公司("Wangcheng Property Management")	Company with limited liability	the PRC	RMB5,000,000/ RMB5,000,000	51%	51%	51%	Provision of property management services
Huaihua Hecheng District Chengtou Property Management Co., Ltd.* 懷化市鶴城區城投物業管理有限公司 ("Huaihua Property Management")	Company with limited liability	the PRC	RMB10,000,000/ RMB3,000,000	51%	51%	51%	Provision of property management services

* The official name of this entity is in Chinese. The English translation of the name is for identification only.

Aggregate information of joint ventures that are not individually material:

	As at 31 December/years ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Aggregate carrying amount of individually immaterial joint ventures in the Historical Financial Information	2,747	3,984	4,804
Aggregate amounts of the Group's share of those joint ventures' profits less losses and net total comprehensive income	(680)	1,237	310

14 INVESTMENT IN AN ASSOCIATE

The following list contains an associate of the Group that is not individually material, which is an unlisted corporate entity whose quoted market prices is not available:

Name of associate	Form of business structure	Place of incorporation and business	Particulars of registered/ paid-up capital	Proportion of ownership interest held by the Company As at 31 December 2021	2022	2023	Principal activity
Changsha Chengyu Commercial Management Co., Ltd. 長沙市城寓商業管理有限公司 ("Chengyu")	Company with limited liability	the PRC	RMB25,000,000/ RMB25,000,000	40%	40%	40%	Provision of property management services

Summarised financial information of the associate, are disclosed below:

	As at 31 December/years ended 31 December 2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount of associate in the consolidated statements of financial position	14,046	11,222	11,039
Amounts of the Group's share of associate net profits and total comprehensive income	2,935	817	668

15 INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December 2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Investment in subsidiaries	14,116	87,886	87,886

The particulars of the subsidiaries of the Group are set out in Note 1.

16 INVENTORIES

(a) Inventories in the consolidated statements of financial position comprise:

	As at 31 December 2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Consumables	2,426	3,202	4,152

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	As at 31 December 2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount of inventories sold or consumed	46,503	59,468	115,173

17 PREPAYMENTS, TRADE AND OTHER RECEIVABLES

The Group

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables			
– related parties *(Note 28(d))*	54,103	72,519	54,888
– third parties	49,753	66,948	51,849
	103,856	139,467	106,737
Less: allowance for trade receivables *(Note 26(a))*	(16,091)	(21,339)	(22,016)
	87,765	118,128	84,721
Other receivables	7,529	12,649	10,439
Less: allowance for other receivables	(809)	(935)	(1,598)
Subtotal	6,720	11,714	8,841
Amounts due from related parties *(Note 28(d))*	72,473	66,744	585
Input VAT to be deducted	1,991	1,330	2,355
Prepaid income tax	133	123	2,434
Prepayments	3,823	9,710	9,035
Prepayment for [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
	172,905	208,786	127,616

The Company

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables			
– related parties (other than subsidiaries)	19,516	14,977	9,312
– subsidiaries	191	22,995	21,648
– third parties	34,081	45,428	32,175
	53,788	83,400	63,135
Less: allowance for trade receivables	(11,650)	(13,233)	(11,931)
	42,138	70,167	51,204
Other receivables	5,050	9,577	7,479
Less: allowance for other receivables	(809)	(935)	(1,500)
Subtotal	4,241	8,642	5,979
Amounts due from subsidiaries	4,012	14,681	8,818
Amounts due from related parties (other than subsidiaries)	11,430	8,246	526
Input VAT to be deducted	528	6	630
Prepayments	1,689	3,104	7,542
Prepayment for [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
	64,038	105,883	94,344

As at 31 December 2021, 2022 and 2023, except for trade receivables from related parties and deposit due from related parties amounting to RMB520,000 as at 31 December 2023, amounts due from related parties are non-trade in nature, unsecured, interest-free and repayable on demand. The directors of the Company have confirmed that the amounts due from related parties with non-trade nature will be settled in full prior to the [**REDACTED**] of the Company's shares on the Stock Exchange. Details of the amounts due from related parties are set out in Note 28(d).

All of the prepayments, trade and other receivables are expected to be recovered or recognised as expense within one year.

Ageing analysis

As of the end of each reporting period, the ageing analysis of trade receivables based on the date of relevant revenue recognised and net off loss allowance, is as follows:

The Group

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	74,227	96,457	71,813
1 to 2 years	11,052	19,513	12,596
Over 2 years	2,486	2,158	312
	87,765	118,128	84,721

The Company

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	37,985	69,504	48,071
1 to 2 years	3,746	640	2,821
Over 2 years	407	23	312
	42,138	70,167	51,204

Trade receivables are due when the receivables are recognised. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 26(a).

18 CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents and restricted bank deposits comprise:

The Group

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Cash at banks	130,215	124,441	214,789
Less: restricted bank deposits *(Note)*	(288)	(619)	(4,579)
	129,927	123,822	210,210

Note: The restricted bank deposits are restricted according to relevant government regulation (i.e. special account for salary payment of migrant workers), by performance guarantee or by relevant banks for their administrative measure.

The Company

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Cash at banks	60,836	46,985	42,745

(b) Reconciliation of profit before taxation to cash generated from operations:

		Years ended 31 December		
	Note	**2021**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*
Profit before taxation		54,178	70,686	93,000
Adjustments for:				
Depreciation and amortisation	*5(d)*	8,266	9,135	7,108
Share of profits less losses of associate and joint ventures	*13*	(4,646)	(3,092)	(2,178)
Finance costs	*5(b)*	1	8	6
Finance income	*5(a)*	(1,180)	(1,221)	(2,212)
Gain on disposal of non-current assets	*5(e)*	(3)	(61)	(3)
Expected credit loss on trade receivables, other receivables and contract assets		11,920	10,758	7,266
Changes in fair value of investment properties	*5(e)*	1,554	–	–
Changes in working capital:				
Increase in inventories		(1,268)	(1,835)	(950)
(Increase)/decrease in prepayments, trade and other receivables		(31,049)	(46,013)	34,588
Increase in contract assets		(69,041)	(74,527)	(98,343)
Increase in trade and other payables		64,794	53,621	80,869
Increase in restricted bank deposits		(288)	(331)	(3,960)
Increase/(decrease) in contract liabilities		15,505	(10,857)	4,838
Increase in deferred income		–	–	2,132
Cash generated from operation activities		48,743	6,271	122,161

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flow as cash flows from financing activities.

	Amounts due to related parties *RMB'000* *(Note 19)*	**Dividend payable** *RMB'000* *(Note 19)*	**Lease liabilities** *RMB'000* *(Note 21)*	**Total** *RMB'000*
At 1 January 2021	46,655	12,257	–	58,912
Changes from financing cash flows:				
Advances from related parties	9,319	–	–	9,319
Repayments of advances from related parties	(10,046)	–	–	(10,046)
Capital element of lease rentals paid	–	–	(37)	(37)
Interest element of lease rentals paid	–	–	(1)	(1)
Dividend paid	–	–	–	–
Total changes from financing cash flows	(727)	–	(38)	(765)
Other changes:				
Interest expenses *(Note 5(b))*	–	–	1	1
Dividend approved *(Note 25(d))*	–	500	–	500
Addition of right-of-use assets *(Note 11(a))*	–	–	77	77
Total other changes	–	500	78	578
At 31 December 2021	45,928	12,757	40	58,725

	Amounts due to related parties *RMB'000* *(Note 19)*	**Dividend payable** *RMB'000* *(Note 19)*	**Lease liabilities** *RMB'000* *(Note 21)*	**Total** *RMB'000*
At 1 January 2022	45,928	12,757	40	58,725
Changes from financing cash flows:				
Advances from related parties	3,650	–	–	3,650
Repayments of advances from related parties	(11,695)	–	–	(11,695)
Capital element of lease rentals paid	–	–	(155)	(155)
Interest element of lease rentals paid	–	–	(8)	(8)
Dividend paid	–	(7,667)	–	(7,667)
Total changes from financing cash flows	(8,045)	(7,667)	(163)	(15,875)
Other changes:				
Interest expenses *(Note 5(b))*	–	–	8	8
Acquisition of a subsidiary under common control *(Note 1.2)*	9,872	–	–	9,872
Addition of right-of-use assets *(Note 11(a))*	–	–	293	293
Total other changes	9,872	–	301	10,173
At 31 December 2022	47,755	5,090	178	53,023

	Amounts due to related parties *RMB'000* *(Note 19)*	Dividend payable *RMB'000* *(Note 19)*	Lease liabilities *RMB'000* *(Note 21)*	Total *RMB'000*
At 1 January 2023	47,755	5,090	178	53,023
Changes from financing cash flows:				
Advances from related parties	12,700	–	–	12,700
Repayments of advances from related parties	(28,575)	–	–	(28,575)
Capital element of lease rentals paid	–	–	(148)	(148)
Interest element of lease rentals paid	–	–	(6)	(6)
Net cash out on Reorganization *(Note 1.2)*	(9,872)	–	–	(9,872)
Dividend paid	–	(5,090)	–	(5,090)
Total changes from financing cash flows	(25,747)	(5,090)	(154)	(30,991)
Other changes:				
Net off against trade receivables *(Note)*	(12,000)	–	–	(12,000)
Interest expenses *(Note 5(b))*	–	–	6	6
Total other changes	(12,000)	–	6	(11,994)
At 31 December 2023	10,008	–	30	10,038

Note: Pursuant to a net settlement agreement, during the year ended 31 December 2023, amount due to Changsha Comprehensive Transportation Hub Construction Investment Co., Ltd., a subsidiary of CSUDGCL, amounting RMB12,000,000 with non-trade in nature has been settled through offsetting the trade receivable from the same counterparty.

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the followings:

	Years ended 31 December		
	2021 *RMB'000*	**2022** *RMB'000*	**2023** *RMB'000*
Within operating cash flows	(17,065)	(27,303)	(8,418)
Within financing cash flows	(38)	(163)	(154)
	(17,103)	(27,466)	(8,572)

19 TRADE AND OTHER PAYABLES

The Group

	As at 31 December		
	2021 *RMB'000*	**2022** *RMB'000*	**2023** *RMB'000*
Trade payables			
– related parties *(Note 28(d))*	15,703	13,367	21,021
– third parties	98,670	136,769	207,785
	114,373	150,136	228,806

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Amounts due to related parties *(Note 28(d))*	45,928	47,755	10,008
Dividend payable *(Note 28(d))*	12,757	5,090	–
Accrued payroll and other benefits	16,470	15,367	21,669
Other taxes and charges payables	11,316	21,788	19,492
Deposits	37,655	44,599	53,984
Receipts on behalf of property owners and tenants	18,392	20,712	22,120
Other payables and accrued charges	5,016	4,221	3,619
	261,907	309,668	359,698

The Company

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables			
– subsidiaries	4,540	5,587	7,182
– related parties (other than subsidiaries)	6,527	9,107	9,214
– third parties	37,058	48,590	36,992
	48,125	63,284	53,388
Amounts due to subsidiaries	29,302	6,684	32,042
Amounts due to related parties (other than subsidiaries)	11,209	15,466	3,835
Dividend payable	4,610	4,610	–
Accrued payroll and other benefits	5,972	4,394	6,317
Other taxes and charges payables	4,832	7,315	3,348
Deposits	10,764	11,384	11,795
Receipts on behalf of property owners and tenants	10,773	11,950	7,371
Other payables and accrued charges	1,925	2,228	1,823
	127,512	127,315	119,919

All trade and other payables (including amounts due to related parties) are interest-free, and are expected to be settled or recognised within one year or are repayable on demand.

As at 31 December 2021, 2022 and 2023, except for trade payables to related parties, amounts due to related parties are non-trade nature. The directors of the Company have confirmed that the amounts due to related parties with non-trade nature will be settled prior to the [**REDACTED**] of the Company's shares on the Stock Exchange.

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

The Group

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	98,400	129,466	211,819
1 to 2 years	15,429	17,680	15,973
Over 2 years	544	2,990	1,014
	114,373	150,136	228,806

The Company

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	44,946	55,469	45,639
1 to 2 years	2,777	5,559	7,749
Over 2 years	402	2,256	–
	48,125	63,284	53,388

20 CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

The Group

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Arising from performance under lighting system operations services and landscaping and engineering services contracts			
– related parties	45,230	72,538	124,926
– third parties	44,373	91,593	137,548
	89,603	164,131	262,474
Less: loss allowance on contract assets	(1,460)	(6,845)	(12,771)
	88,143	157,286	249,703

The Company

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Arising from performance under lighting system operation services contracts			
– related parties	2,567	2,374	6,216
– third parties	27,667	46,080	46,173
	30,234	48,454	52,389
Less: loss allowance on contract assets	(885)	(5,021)	(5,632)
	29,349	43,433	46,757

(b) Contract liabilities

The Group

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Billings in advance of performance under property management services and landscaping and engineering services contracts			
– related parties	15,571	1,088	2,021
– third parties	8,972	12,549	16,454
	24,543	13,637	18,475

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services are yet to be provided.

Movements in contract liabilities

	As at 31 December/years ended 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Balance as 1 January	9,038	24,543	13,637
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year	(9,038)	(24,543)	(13,637)
Increase by cash received	24,543	13,637	18,475
Balance at 31 December	24,543	13,637	18,475

The Company

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Billings in advance of performance under property management services contracts			
– related parties	492	–	23
– third parties	5,751	5,664	8,021
	6,243	5,664	8,044

	As at 31 December/years ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Balance as 1 January	4,661	6,243	5,664
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year	(4,661)	(6,243)	(5,664)
Increase by cash received	6,243	5,664	8,044
Balance at 31 December	6,243	5,664	8,044

21 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's and the Company's lease liabilities at the end of each reporting period:

	As at 31 December 2021		As at 31 December 2022		As at 31 December 2023	
	Present value of the minimum lease payments	**Total minimum lease payments**	**Present value of the minimum lease payments**	**Total minimum lease payments**	**Present value of the minimum lease payments**	**Total minimum lease payments**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	40	41	148	154	30	32
After 1 year but within 2 years	–	–	30	32	–	–
	–	41	30	186	–	32
	40		178		30	
Less: total future interest expenses		(1)		(8)		(2)
Present value of lease liabilities		40		178		30

22 PROVISIONS

	Provision for onerous contract
	RMB'000
At 1 January 2021	511
Additional provision for the year	702
Utilisation of provision	(511)
At 31 December 2021	702
Utilisation of provision	(702)
At 31 December 2022 and 31 December 2023	–

The provision for onerous contracts relates to certain contracts with customers under which the unavoidable costs of meeting the obligation exceed the economic benefits to be received due to anticipated increase in certain costs for services provided.

23 DEFERRED INCOME

	Government grants for assets
	RMB'000
At 1 January 2021, 31 December 2021 and 31 December 2022	–
Received during the year	2,291
Amortisation for the year	(159)
At 31 December 2023	2,132

The Group and the Company received government grants for the acquisition of non-current assets. These grants are deferred over the useful lives of relevant assets. The amortisation amounts were recognised as "other net income" in the consolidated statement of profit or loss.

24 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Current taxation in the consolidated statements of financial position represents:

The Group

	Years ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January	15,357	25,466	30,306
Provision for PRC Income Tax for the year	15,479	19,227	25,755
PRC Income Tax paid	(5,370)	(14,387)	(42,156)
At 31 December	25,466	30,306	13,905

The Company

	Years ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January	7,785	13,609	16,420
Provision for PRC Income Tax for the year	7,982	8,558	1,220
PRC Income Tax paid	(2,158)	(5,747)	(10,083)
At 31 December	13,609	16,420	7,557

(b) Deferred tax assets recognised:

(i) Movement of each component of deferred tax assets

The components of deferred tax assets recognised in the consolidated statements of financial position and the movements during the year, with taking into consideration the offsetting of balances within the same tax jurisdiction are as follows:

Deferred tax arising from:	**Unused tax losses**	**Expected credit loss allowance**	**Provisions**	**Government grants**	**Lease expenses and others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2021	1,285	1,610	128	–	–	3,023
(Charged)/credited to profit or loss	(900)	2,980	48	–	14	2,142
At 31 December 2021 and 1 January 2022	385	4,590	176	–	14	5,165
(Charged)/credited to profit or loss	(372)	2,689	(176)	–	(4)	2,137
At 31 December 2022 and 1 January 2023	13	7,279	–	–	10	7,302
Credited to profit or loss	582	1,816	–	533	2	2,933
As at 31 December 2023	595	9,095	–	533	12	10,235

(ii) Reconciliation to the consolidated statements of financial position

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax asset	5,170	7,312	10,243
Set-off of deferred tax liabilities	(5)	(10)	(8)
Net deferred tax assets recognised in the consolidated statements of financial position	5,165	7,302	10,235

Note: As at 31 December 2021, 2022 and 2023, the Group has deductible temporary difference of RMB1,596,000, RMB1,596,000 and RMB1,596,000, respectively, in relation to which no deferred tax asset has been recognised, as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

25 CAPITAL, RESERVES, DIVIDENDS AND NON-CONTROLLING INTERESTS

(a) Paid-in capital and share capital

Paid-in capital

	As at 31 December/years ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January	10,000	10,000	–
Transfer from retained profits	–	10,000	–
Conversion into a joint stock company	–	(20,000)	–
At 31 December	10,000	–	–

On 7 September 2015, CSUDGCL contributed capital of RMB10,000,000 as paid-in capital.

On 26 October 2022, a resolution has been passed by the shareholders of the Company to transfer retained profits of RMB10,000,000 into paid-in capital.

Share capital

	Number of shares in issue	**Share capital**
		RMB'000
Ordinary shares issued and fully paid		
At 1 January 2021 and 1 January 2022	–	–
Transfer from other equity components upon conversion into a joint stock company	120,000,000	120,000
At 31 December 2022 and 1 January 2023 and 31 December 2023	120,000,000	120,000

On 22 December 2022, the Company converted into a joint stock company with 120,000,000 ordinary shares of RMB1 each.

(b) Movements in components of equity

The reconciliation between the opening balance and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Paid-in capital/share capital *RMB'000*	Capital reserve *RMB'000*	Statutory surplus reserve *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*
Balance at 1 January 2021	10,000	–	4,945	19,711	34,656
Changes in equity for the year ended 31 December 2021:					
Profit and total comprehensive income for the year	–	–	–	17,672	17,672
Appropriation for statutory surplus reserve	–	–	1,767	(1,767)	–
Dividends approved	–	–	–	(20)	(20)
Balance at 31 December 2021 and 1 January 2022	10,000	–	6,712	35,596	52,308
Profit and total comprehensive income for the year	–	–	–	56,054	56,054
Deemed contribution from controlling shareholder *(Note)*	–	58,898	–	–	58,898
Conversion into paid-in capital	10,000	–	–	(10,000)	–
Conversion into a joint stock company	100,000	(39,096)	(6,712)	(54,192)	–
Appropriation for statutory surplus reserve	–	–	5,605	(5,605)	–
Balance at 31 December 2022 and 1 January 2023	120,000	19,802	5,605	21,853	167,260
Profit and total comprehensive income for the year	–	–	–	3,330	3,330
Appropriation for statutory surplus reserve	–	–	333	(333)	–
Balance at 31 December 2023	120,000	19,802	5,938	24,850	170,590

Note: As set out in Note 1.3, upon completion of certain steps of the Reorganisation set out in Note 1.2, the excess of the existing book value of the net assets as at the date of acquisition of the combining entities from CSUDGCL's perspective on the consideration paid or payable of RMB58,898,000 was deemed as contribution to the Company.

(c) Nature and purposes of reserves

(i) Capital reserve

For the purpose of the Historical Financial Information, as at 1 January 2021 and 31 December 2021, capital reserve balance of the Group mainly represents:

– the aggregate amount of the paid-in capital and capital reserve of all entities acquired by the Group under common control before the Reorganization;

– the difference between the consideration received and net assets disposed by the Company upon the Reorganization; and

– the difference between the consideration paid and net assets acquired by the Company for acquisition of non-controlling interests in subsidiaries.

(ii) Statutory surplus reserve

Statutory reserve is established in accordance with the relevant PRC rules and regulations and the articles of association of the companies which are incorporated in the PRC until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before distribution of a dividend to equity holders.

For the entities concerned, this reserve can be utilised in setting off accumulated losses or increasing capital and is non-distributable other than in liquidation.

For the years ended 31 December 2021, 2022 and 2023, appropriation to statutory surplus reserve made by the Company's subsidiaries amounting to RMB2,363,000, RMB3,259,000 and RMB6,353,000, respectively, and was included in the consolidated retained profits attributable to equity shareholders of the Company.

(d) Dividends

For the years ended 31 December 2021, 2022 and 2023, dividends amounting to RMB20,000, nil and nil were declared by the Company, respectively. As at 31 December 2023, the dividend payable has been fully paid.

For the years ended 31 December 2021, 2022 and 2023, aggregated dividends amounting to RMB480,000, nil and nil were declared by Chengtou Asset, Chengfa Commercial and Parking Company to their then shareholders prior to the Reorganization, respectively. The dividends were fully paid subsequently.

(e) Non-controlling interests

As set out in Note 1, as at 1 January 2021 and 31 December 2021, non-controlling interests primarily relates to Parking Company, in which 10% of the entity interest held by shareholder who was not under common control of CSUDGCL was deemed as non-controlling interests.

Upon the completion of the Reorganization, the non-controlling interests of Parking Company, representing 10% of the equity interest, was acquired by the Company and since then Parking Company became a wholly-owned subsidiary of the Company.

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity and interest rate arises in the normal course of the Group's business. No significant currency risk arises in the normal course of the Group's business during the Relevant Periods.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

* The official names of the entities is in Chinese. The English translation of the names are for identification only.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables and contract assets. The Group's exposure to credit risk arising from cash and cash equivalents and restricted bank deposits are limited because the counterparties are banks, financial institutions with a high credit standing assigned by external rating agency, for which the Group considers having low credit risk. For the purposes of internal credit risk management, the Group has applied the general approach in IFRS 9 to measure the loss allowance at 12-month ECLs as there is no significant increase in credit risk since initial recognition. The Group determines the expected credit losses for these assets by assessment of probability of default, loss given default and exposure at default.

The Group does not provide any guarantees which would expose the Group to credit risk.

For other receivables, the directors of the Company make periodic individual assessment on the recoverability of other receivables based on historical settlement record, past experience and supportive forward-looking information. As at 31 December 2021, 2022 and 2023, loss allowance of RMB809,000, RMB935,000 and RMB1,598,000 was recognised in respect of other receivables based on the Group's assessment.

To measure the ECLs, trade receivables and contract assets have been assessed on individual basis or on customer groups based on shared credit risk characteristics and the days past due. The historical loss rates are determined by reference to the credit rating analysis of respective customers and external data or based on the payment profiles of sales over a period before the respective period ends and the corresponding historical credit losses experienced within these periods. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The Group exposes to concentration of credit risk from individual customers. As at 31 December 2021, 2022 and 2023, 50.29%, 47.78% and 46.75% of the total trade receivables and contract assets were due from the Group's largest customer, CSUD Group, respectively. And as at 31 December 2021, 2022 and 2023, 74.38%, 75.23% and 77.70% of the total trade receivables and contract assets were due from the Group's five largest customers, respectively.

The following table provides information about Group's exposure to credit risk and ECLs for trade receivables and contract assets as at 31 December 2021, 2022 and 2023.

	As at 31 December 2021			As at 31 December 2022			As at 31 December 2023		
	Expected loss rate	Grossing carrying amount	Loss allowance	Expected loss rate	Grossing carrying amount	Loss allowance	Expected loss rate	Grossing carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*	%	*RMB'000*	*RMB'000*	%	*RMB'000*	*RMB'000*
On individual basis	100.0%	10,406	(10,406)	100.0%	13,101	(13,101)	100.0%	10,671	(10,671)
On customer group									
– Related parties	0.1%	99,333	(99)	0.1%	145,057	(146)	0.1%	179,814	(180)
– Third parties									
Within 1 year	3.2%	72,743	(2,327)	3.9%	127,010	(4,897)	5.4%	155,651	(8,404)
1-2 years	26.4%	8,502	(2,244)	34.4%	12,787	(4,397)	29.9%	10,762	(3,219)
Over 2 years	100.0%	2,475	(2,475)	100.0%	5,643	(5,643)	100.0%	12,313	(12,313)
		193,459	(17,551)		303,598	(28,184)		369,211	(34,787)

Expected loss rates are based on actual loss experience over the past 2 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Trade receivables from third parties usually have higher expected loss rates. As at 31 December 2021, 2022 and 2023, trade receivables from third parties accounted for 47.91%, 48.00% and 48.58% of the total trade receivables. Loss allowances are calculated based on the ECL rates and reflected the increase in trade receivables from third parties during the Relevant Periods.

(b) Liquidity risk

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

	Year ended 31 December 2021					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at 31 December
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	216,348	–	–	–	216,348	216,348
Lease liabilities	41	–	–	–	41	40
	216,389	–	–	–	216,389	216,388

	Year ended 31 December 2022					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at 31 December
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	263,202	–	–	–	263,202	263,202
Lease liabilities	154	32	–	–	186	178
	263,356	32	–	–	263,388	263,380

	Year ended 30 June 2023					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at 31 December
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	314,918	–	–	–	314,918	314,918
Lease liabilities	32	–	–	–	32	30
	314,950	–	–	–	314,950	314,948

(c) Interest rate risk

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from cash at bank. Those instruments issued at float rates expose the Group to cash flow interest risk. The Group's interest rate profile as monitored by management is set out in (ii) below.

(ii) Interest rate profile

The following table details the interest rate profile of the Group's floating-rate and fixed-rate instruments at the end of each reporting period.

	As at 31 December					
	2021		**2022**		**2023**	
	Effective interest rate %	*RMB'000*	*Effective interest rate %*	*RMB'000*	*Effective interest rate %*	*RMB'000*
Floating-rate instrument:						
Cash at bank	0.35%	130,215	0.35%	124,441	0.20%	214,789
Fixed-rate instruments:						
Lease liabilities	5.50%	(40)	5.50%	(178)	5.50%	(30)

The Group is mainly exposed to cash flow interest risk in relation to floating instruments. No sensitivity analysis is prepared for the Relevant Periods as the cash at banks is the only item exposing to cash flow interest risk, and the Group consider that the exposure of cash flow interest risk arising from variable interest rate cash at bank is insignificant.

(d) Fair value measurement

(i) Fair value of financial assets and liabilities carried at other than fair value

The carrying amount of the Group's financial instruments carried at amortised cost were not materially different from their fair value as at 31 December 2021, 2022 and 2023, respectively.

27 COMMITMENTS

Capital commitments outstanding at 31 December 2021, 2022 and 2023 not provided for in the financial statements were as follows:

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Contracted for	7,160	7,160	6,650

28 MATERIAL RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

During the years ended 31 December 2021, 2022 and 2023, the directors are of the view that the following are related parties of the Group:

Name of related parties	Relationship with the Group
CSUDGCL	Controlling shareholder
Changning Qiandu Project Management Co., Ltd.* 常寧市鉛都項目管理有限公司	Controlled by the controlling shareholder of the Company
Hunan Chengfa Smart Weitong Technology Co., Ltd.* 湖南城發智慧維通科技有限公司	Controlled by the controlling shareholder of the Company
Hunan Jiaohua Water Conservancy Hub Development and Construction Co., Ltd.* 湖南椒花水利樞紐開發建設股份有限公司	Controlled by the controlling shareholder of the Company
Hunan Liwei Zhongtian Technology Development Co., Ltd.* 湖南力唯中天科技發展有限公司	Controlled by the controlling shareholder of the Company
Hunan Pilot International Trade Co., Ltd.* 湖南先導國際貿易有限公司	Controlled by the controlling shareholder of the Company
Hunan Pilot Energy Co., Ltd.* 湖南先導能源有限公司	Controlled by the controlling shareholder of the Company
Hunan Pilot Yanghu Regenerated Water Co., Ltd.* 湖南先導洋湖再生水有限公司	Controlled by the controlling shareholder of the Company
Hunan Pilot Film Co., Ltd.* 湖南先導影業有限公司	Controlled by the controlling shareholder of the Company
Hunan Pilot Sinopec Energy Co., Ltd.* 湖南先導中石化能源有限公司	Controlled by the controlling shareholder of the Company
Yanghu Wetland Development and Management Co., Ltd.* 洋湖濕地開發管理有限公司	Controlled by the controlling shareholder of the Company
Yuelushan Company	Controlled by the controlling shareholder of the Company
Changsha Anxin Security Industry Co., Ltd.* 長沙安信安防實業有限公司	Controlled by the controlling shareholder of the Company
Changsha Surveying and Mapping Co., Ltd.* 長沙測繪有限公司	Controlled by the controlling shareholder of the Company
Changsha Chengfa Hengcheng Real Estate Co., Ltd.* 長沙城發恒城置業有限公司	Controlled by the controlling shareholder of the Company
Changsha Chengfa Hengkun Real Estate Co., Ltd.* 長沙城發恒坤置業有限公司	Controlled by the controlling shareholder of the Company
Changsha Chengfa Hengshi Real Estate Co., Ltd.* 長沙城發恒世置業有限公司	Controlled by the controlling shareholder of the Company
Changsha Chengfa Hengwei Real Estate Co., Ltd.* 長沙城發恒偉置業有限公司	Controlled by the controlling shareholder of the Company
Changsha Chengfa Energy Co., Ltd.* 長沙城發能源有限公司	Controlled by the controlling shareholder of the Company
Chengfa Smart Travel Company	Controlled by the controlling shareholder of the Company
Changsha Urban Renewal Investment Construction Operation Co., Ltd.* 長沙城市更新投資建設運營有限公司	Controlled by the controlling shareholder of the Company
Changsha Chengtou Urban Rural Development and Construction Co., Ltd.* 長沙城投城鄉開發建設有限公司	Controlled by the controlling shareholder of the Company
Changsha Chengtou International Convention and Exhibition Center Investment and Development Co., Ltd.* 長沙城投國際會展中心投資開發有限責任公司	Controlled by the controlling shareholder of the Company
Changsha Chengtou Airport Relocation Investment Development Co., Ltd.* 長沙城投機場遷建投資開發有限責任公司	Controlled by the controlling shareholder of the Company

Name of related parties	Relationship with the Group
Changsha Chengtou Railway Station Relocation and Development Co., Ltd.* 長沙城投鐵路站場遷建開發有限公司	Controlled by the controlling shareholder of the Company
Damei Cultural	Controlled by the controlling shareholder of the Company
Changsha High Speed Railway Xicheng Construction Investment Co., Ltd.* 長沙高鐵西城建設投資有限公司	Controlled by the controlling shareholder of the Company
Changsha Water Supply Co., Ltd.* 長沙供水有限公司	Controlled by the controlling shareholder of the Company
Changsha Hengchengye Real Estate Development Co., Ltd.* 長沙恒誠業房地產開發有限公司	Controlled by the controlling shareholder of the Company
Changsha Hengchengye Real Estate Development Co., Ltd.* 長沙恒誠業房地產開發有限公司雅詩閣公寓分公司	Controlled by the controlling shareholder of the Company
Changsha Henghong Real Estate Development Co., Ltd.* 長沙恒宏房地產開發有限公司	Controlled by the controlling shareholder of the Company
Changsha Hengtu Real Estate Development Co., Ltd.* 長沙恒圖房地產開發有限公司	Controlled by the controlling shareholder of the Company
Changsha Hengzhi Real Estate Development Co., Ltd.* 長沙恒志房地產開發有限公司	Controlled by the controlling shareholder of the Company
Changsha Hengzhi Real Estate Development Co., Ltd.* 長沙恒志房地產開發有限公司長沙湘江豪生酒店分公司	Controlled by the controlling shareholder of the Company
Changsha Hengzhou Asset Management Co., Ltd.* 長沙恒舟資產經營管理有限公司	Controlled by the controlling shareholder of the Company
Changsha Lianchuang Public Safety Technology Co., Ltd.* 長沙聯創公共安全科技有限責任公司	Controlled by the controlling shareholder of the Company
Changsha Lushan Urban Renewal Investment and Construction Co., Ltd.* 長沙麓山城市更新投資建設有限公司	Controlled by the controlling shareholder of the Company
Changsha Malanshan Investment and Development Construction Co., Ltd.* 長沙馬欄山投資開發建設有限公司	Controlled by the controlling shareholder of the Company
Changsha Binjiang New City Construction and Development Co., Ltd.* 長沙市濱江新城建設開發有限責任公司	Controlled by the controlling shareholder of the Company
the CUCID Group	Controlled by the controlling shareholder of the Company
Changsha Urban Investment Infrastructure Construction Project Management Co., Ltd.* 長沙市城投基礎設施建設專案管理有限公司	Controlled by the controlling shareholder of the Company
Changsha Underground Comprehensive Pipe Gallery Investment and Development Co., Ltd.* 長沙市地下綜合管廊投資發展有限公司	Controlled by the controlling shareholder of the Company
Changsha Chromium Pollutant Treatment Co., Ltd.* 長沙市鉻污染物治理有限公司	Controlled by the controlling shareholder of the Company
Changsha Nanhu New City Construction and Development Co., Ltd.* 長沙市南湖新城建設開發有限責任公司	Controlled by the controlling shareholder of the Company
Changsha Bridge and Tunnel Maintenance and Operation Co., Ltd.* 長沙市橋樑隧道養護運營有限公司	Controlled by the controlling shareholder of the Company
Changsha Water Conservancy Construction Investment Management Co., Ltd.* 長沙市水利建設投資管理有限公司	Controlled by the controlling shareholder of the Company
Changsha Railway Construction Investment and Development Co., Ltd.* 長沙市鐵路建設投資開發有限公司	Controlled by the controlling shareholder of the Company
Changsha Xinhe Delta Development and Construction Co., Ltd.* 長沙市新河三角洲開發建設有限公司	Controlled by the controlling shareholder of the Company

Name of related parties	Relationship with the Group
Changsha Changdong Investment Development Co., Ltd.* 長沙市長東投資發展有限公司	Controlled by the controlling shareholder of the Company
Changsha Shuzhi Technology Group Co., Ltd.* 長沙數智科技集團有限公司	Controlled by the controlling shareholder of the Company
Changsha Pilot Industry Investment Co., Ltd.* 長沙先導產業投資有限公司	Controlled by the controlling shareholder of the Company
Changsha Pilot City Construction Investment Co., Ltd.* 長沙先導城市建設投資有限公司	Controlled by the controlling shareholder of the Company
Changsha Pilot City Resource Investment Co., Ltd.* 長沙先導城市資源投資有限公司	Controlled by the controlling shareholder of the Company
Changsha Pilot Heti Real Estate Management Co., Ltd.* 長沙先導賀體房產管理有限公司	Controlled by the controlling shareholder of the Company
Changsha Pilot Heti Investment Co., Ltd.* 長沙先導賀體投資有限公司	Controlled by the controlling shareholder of the Company
Changsha Pilot Heti Asset Management Co., Ltd.* 長沙先導賀體資產管理有限公司	Controlled by the controlling shareholder of the Company
Changsha Pilot Hengda Real Estate Development Co., Ltd.* 長沙先導恒達房地產開發有限公司	Controlled by the controlling shareholder of the Company
Changsha Pilot Henghui Commercial Management Co., Ltd.* 長沙先導恒匯商業管理有限公司	Controlled by the controlling shareholder of the Company
Changsha Pilot Hotel Investment Co., Ltd.* 長沙先導酒店投資有限公司	Controlled by the controlling shareholder of the Company
Changsha Pilot Li Zijian Art Museum Cultural Industry Co., Ltd.* 長沙先導李自健美術館文化產業有限公司	Controlled by the controlling shareholder of the Company
Changsha Pilot Investment Holding Group Co., Ltd.* 長沙先導投資控股集團有限公司	Controlled by the controlling shareholder of the Company
Changsha Pilot Cultural Tourism Investment Co., Ltd.* 長沙先導文化旅遊投資有限公司	Controlled by the controlling shareholder of the Company
Changsha Pilot Yanghu Construction Investment Co., Ltd.* 長沙先導洋湖建設投資有限公司	Controlled by the controlling shareholder of the Company
Changsha Pilot Yanghu Wetland Cultural Tourism Co., Ltd.* 長沙先導洋湖濕地文化旅遊有限公司	Controlled by the controlling shareholder of the Company
Yinxiang Cultural	Controlled by the controlling shareholder of the Company
Changsha Pilot Asset Management Co., Ltd.* 長沙先導資產經營管理有限公司	Controlled by the controlling shareholder of the Company
Changsha Xiangjiang New City Investment Co., Ltd.* 長沙湘江新城投資有限公司	Controlled by the controlling shareholder of the Company
Changsha Xinbeicheng Real Estate Co., Ltd.* 長沙新北城置業有限公司	Controlled by the controlling shareholder of the Company
Changsha Zhisheng Real Estate Co., Ltd.* 長沙至晟地產有限公司	Controlled by the controlling shareholder of the Company
Changsha Zhimao Real Estate Co., Ltd.* 長沙至茂地產有限公司	Controlled by the controlling shareholder of the Company
Changsha PetroChina Pilot Energy Co., Ltd.* 長沙中石油先導能源有限公司	Controlled by the controlling shareholder of the Company
Changsha Comprehensive Transportation Hub Construction Investment Co., Ltd.* 長沙綜合交通樞紐建設投資有限公司	Controlled by the controlling shareholder of the Company
Changsha Chengfa Digital Qixin Technology Co., Ltd.* 長沙城發數字企信科技有限公司	Controlled by the controlling shareholder of the Company
Hunan Zhisheng Conference Service Co., Ltd.* 湖南至昇會議服務有限公司	Controlled by the controlling shareholder of the Company
Changsha City education Development Co., Ltd.* 長沙城發教育發展有限公司	Controlled by the controlling shareholder of the Company
Changsha Chengfa Hengtong Engineering construction Co., Ltd.* 長沙城發恒通工程建設有限公司	Controlled by the controlling shareholder of the Company

Name of related parties	Relationship with the Group
Changsha Chengfa Petrochemical Co., Ltd.* 長沙城發石化有限公司	Controlled by the controlling shareholder of the Company
Hunan Flower Expo Park investment development Co., Ltd.* 湖南花博園投資發展有限公司	Controlled by the controlling shareholder of the Company
Changsha North City Development Co. Ltd.* 長沙北城發展有限公司	Controlled by the controlling shareholder of the Company
Changsha Chengfa Hengmei Real Estate Co., Ltd.* 長沙城發恒美置業有限公司	Controlled by the controlling shareholder of the Company
Changsha Chengfa Hengchuang Real Estate Co., Ltd.* 長沙城發恒創置業有限公司	Controlled by the controlling shareholder of the Company
Changsha Chengfa Henggood Real Estate Co., Ltd.* 長沙城發恒好置業有限公司	Controlled by the controlling shareholder of the Company
Hunan Huabo Information Technology Co., Ltd.* 湖南華博資訊技術有限公司	Controlled by the controlling shareholder of the Company
Changsha Xingshui Property Management Co., Ltd.* 長沙市興水物業管理有限公司	Controlled by the controlling shareholder of the Company
Zhongnan Water Works Co., Ltd.* 中南水務工程有限公司	Controlled by the controlling shareholder of the Company
Hunan urban rural tourism development Co., Ltd.* 湖南都市鄉村旅遊發展有限公司	Controlled by the controlling shareholder of the Company
Changsha International Convention and Exhibition Center Management Co., Ltd.** 長沙國際會展中心管理有限責任公司	Associate of the controlling shareholder of the Company
Changsha Yashang Investment and Development Co., Ltd.** 長沙雅尚投資開發有限公司	Associate of the controlling shareholder of the Company
Changsha Xinao Gas Development Co., Ltd.* 長沙新奧燃氣發展有限公司	Associate of the controlling shareholder of the Company
Qi'an Star City Network security operation Service (Changsha) Co., Ltd.* 奇安星城網路安全運營服務(長沙)有限公司	Associate of the controlling shareholder of the Company
Hunan Apollo Zhixing technology Co., Ltd.* 湖南阿波羅智行科技有限公司	Associate of the controlling shareholder of the Company
Hunan city GCL Smart Energy Technology Co., Ltd.* 湖南城發協鑫智慧能源科技有限公司	Associate of the controlling shareholder of the Company
Asia Exhibition International Exhibition (Hunan) Co., Ltd.* 亞展國際會展(湖南)有限公司	Associate of the controlling shareholder of the Company
Changsha International Trade Group Co., Ltd.* 長沙國貿集團有限公司	Associate of the controlling shareholder of the Company
Changsha Sancha rock shed change investment limited liability company 長沙三汊磯棚改投資有限責任公司	Associate of the controlling shareholder of the Company
Hunan Pilot BAIL Intelligent Energy Technology Co., Ltd. 湖南先導北汽智慧能源科技有限公司	Associate of the controlling shareholder of the Company
Hunan Changsha Convention and Exhibition Center Investment Co., Ltd. 湖南長沙會展中心投資有限責任公司	Associate of the controlling shareholder of the Company
Changsha Shed Renovation Investment Co., Ltd. 長沙市棚改投資有限責任公司	Associate of the controlling shareholder of the Company
Hunan CRRC Zhixing Technology Co., Ltd. 湖南中車智行科技有限公司	Associate of the controlling shareholder of the Company
China Energy Conservation Pilot Urban Energy Conservation Co., Ltd. 中節能先導城市節能有限公司	Associate of the Controlling Shareholder
Huaihua Property Management	Joint venture of the Company
Pingxiang Huiheng	Joint venture of the Company
Wangcheng Property Management	Joint venture of the Company
Chengyu	Associate of the Group

* The official names of these entities are in Chinese. The English translation of the names is for identification only.

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 7 and certain of the highest paid employees as disclosed in Note 8, is as follows:

	Years ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Short-term employee benefits	3,053	4,286	5,717
Post-employment benefits	151	284	663
	3,204	4,570	6,380

Total remuneration is included in "staff costs" (see Note 5(c)).

(c) Related parties transactions

The Group entered into the following material related party transactions during the Relevant Periods:

	Years ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Service provided to related parties			
– CSUD Group	178,833	232,475	278,259
– Associates of CSUD Group	4,409	2,663	11,231
	183,242	235,138	289,490
Disposal of investment properties	–	11,133	–
Purchase from related parties			
– CSUD Group	5,965	8,336	11,617
– Associates of CSUD Group	7,687	9,358	12,315
– Pingxiang Huiheng	3,008	3,008	2,085
– Huaihua Property Management	–	387	–
	16,660	21,089	26,017
Short-term leases payment paid or payable to related parties	2,079	710	663
Variable lease payment paid or payable to related parties	9,677	10,695	11,243
	11,756	11,405	11,906

(d) Balance with related parties

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Trade in nature			
Trade receivables *(Note 17)*			
– CSUD Group	53,916	72,507	50,038
– Associate of the CSUD Group	187	12	4,850
	54,103	72,519	54,888
Contract assets from *(Note (20))*			
– CSUD Group	45,230	72,538	122,561
–Associates of the CSUD Group	–	–	2,365
	45,230	72,538	124,926
Other receivables *(Note 17)*			
– CSUD Group	–	–	564
– Associates of the CSUD Group	–	–	21
	–	–	585
Prepayment for acquisition of non-current assets			
– CSUD Group	–	–	1,400
Non-trade in nature			
Other receivables *(Note 17)*			
– CSUD Group	71,024	65,171	–
– Associates of the CSUD Group	58	–	–
– Pingxiang Huiheng	594	650	–
– Huaihua Property Management	797	923	–
	72,473	66,744	–

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Trade in nature			
Trade payables *(Note 19)*			
– CSUD Group	10,374	4,879	13,787
– Associates of CSUD Group	–	160	1,334
– Pingxiang Huiheng	5,265	8,273	5,845
– Huaihua Property Management	64	55	55
	15,703	13,367	21,021
Contract liabilities to *(Note 20)*			
– CSUD Group	15,571	1,088	2,021

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Non-trade in nature			
Other payables *(Note 19)*			
– CSUD Group	44,735	47,288	10,008
– Associates of CSUD Group	1,193	467	–
	45,928	47,755	10,008
Dividend payable			
– CSUD Group *(Note 19)*	12,757	5,090	–

The directors of the Company have confirmed that the amounts due to related parties with non-trade nature will be settled prior to the [**REDACTED**] of the Company's shares on the Stock Exchange.

29 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

As at the date of this report, the Directors consider the immediate parent of the Company to be CSUDGCL, which is established in the PRC, and the ultimate controlling party of the Company to be State-owned Assets Supervision and Administration Commission of Changsha Municipal People's Government.

30 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE RELEVANT PERIODS

Up to the date of issue of the Historical Financial Information, the IASB has issued several amendments, which are not yet effective for the Relevant Periods and which have not been adopted in the Historical Financial Information. These include the following:

	Effective for accounting periods beginning on or after
Amendments to IAS 7, Statement of cashflow, and IFRS 7, Finance Instrument: Disclosures, Supplier Finance Arrangements	1 January 2024
Amendments to IAS 1, Presentation of financial statements: Classification of liabilities as current or non-current	1 January 2024
Amendments to IAS 1, Presentation of financial statements: Non-current liabilities with covenants	1 January 2024
Amendments to IFRS 16, Lease: Lease liability in a sale and leaseback	1 January 2024
Amendments to IFRS 10, Consolidated financial statements and IAS 28, Investment in associates and joint ventures: Sales or contribution of assets between an investor and its associate or joint venture	To be determined
Amendments to IAS 21, The effects of changes in foreign exchange rates: Lack of exchangeability	1 January 2025

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's Historical Financial Information.

31 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

There is no significant non-adjusting event after the Relevant Periods.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or its subsidiaries comprising the Group in respect of any period subsequent to 31 December 2023.